



Directorate of
Intelligence

~~Secret~~

12

S oxy

(b)(1)
(b)(3)
(S)

Africa Review

*Special Issue: South Africa
Entering the 1990s*

20 January 1989

~~Secret~~

ALM AR 89-002
20 January 1989

Copy 161

Warning Notice

~~Intelligence Sources
or Methods Involved
(WNINTEL)~~

National Security
Information

~~Unauthorized Disclosure
Subject to Criminal Sanctions~~

Dissemination Control Abbreviations	NOFORN (NF)	Not releasable to foreign nationals
	NOCONTRACT (NC)	Not releasable to contractors or contractor/consultants
	PROPIN (PR)	Caution—proprietary information involved
	ORCON (OC)	Dissemination and extraction of information controlled by originator
	REL...	This information has been authorized for release to...
	WN	WNINTEL—Intelligence sources or methods involved
A microfiche copy of this document is available from OIR/ DLB (482-7177). Regular receipt of DI reports can be arranged through CPAS/IMC.		Classified by 0643227 Declassify: OADR Derived from multiple sources

All material on this page
is Unclassified.

Africa Review

20 January 1989

Special Issue: South Africa Entering the 1990s

		Page
	Scope Note	v
Perspective	Prospects for the National Party [REDACTED] Pretoria's longstanding strategy intended to preserve the dominance of the ruling National Party appears capable of enabling it to remain in power for at least the next several years, but the party and government will face increasing black, economic, regional, and electoral challenges. [REDACTED]	1
Electoral Challenges	The Rightwing Threat [REDACTED] The Conservative Party appears likely to make gains that will reduce the National Party's majority in parliament if an election is held as expected later this year. [REDACTED]	7
	Boksburg--The Right Wing in Action [REDACTED] Moves by a Conservative Party-controlled town to tighten racial segregation have met with widespread opposition. [REDACTED]	11
	The Struggling Liberal Opposition [REDACTED] The liberal opposition will be hard-pressed to stem a drift of voters to the National Party in the coming parliamentary election. [REDACTED]	13

~~Secret~~

~~NOFORN NOCONTRACT
ORCON~~

Black Challenges

Prospects for the Internal Black Opposition [REDACTED]

17

[REDACTED]

Despite repressive security measures that have made active mass protests by black groups virtually impossible, the government remains unable to stop all acts of civil disobedience or draw blacks into government-controlled negotiating forums. [REDACTED]

The Outlook for the African National Congress [REDACTED]

21

[REDACTED]

Although they have improved their military tactics and increased efforts to gain international support, ANC leaders are facing new military challenges as a result of their agreement to vacate their Angolan training bases, as well as increased diplomatic competition from the South African Government. [REDACTED]

Prospects for Mandela's Release [REDACTED]

25

[REDACTED]

Pretoria would be likely to release imprisoned ANC leader Nelson Mandela only under conditions of its own choosing to minimize rightwing criticism and the risk of sparking new black activism. [REDACTED]

A Case Study: Rugby Talks With the ANC [REDACTED]

27

[REDACTED]

A meeting last fall between ANC officials and South African rugby officials highlights the ANC's campaign of selective dialogue with Afrikaners. [REDACTED]

Economic Challenges

How Is Economic Policy Made? [REDACTED]

31

[REDACTED]

As in other aspects of public policy, South Africa's racial problems provide a unique context for economic decision making. [REDACTED]

Secret

	Impact of Western Economic Sanctions [REDACTED]	37
	Existing sanctions have had only a modest impact on South Africa's economy, and even more comprehensive sanctions would be unlikely to force Pretoria to alter its racial policies rapidly and fundamentally. [REDACTED]	
	Coping With a Fettered Economy [REDACTED]	41
	The modest economic growth expected over the next few years is likely to reinforce the political impasse between black political demands and Pretoria's willingness to offer only limited apartheid reforms. [REDACTED]	
Regional Challenges	Pursuing Regional Objectives [REDACTED]	45
	Pretoria's basic approach toward its southern African neighbors is a two-track policy that mixes coercion and diplomacy. [REDACTED]	
	The Military--The Next Mission [REDACTED]	51
	South Africa's military leaders are reexamining their mission and capabilities following the signing of the agreement on Cuban troop withdrawal from Angola and independence for Namibia. [REDACTED]	
	Fighting International Isolation [REDACTED]	57
	Pretoria has made some recent progress toward its dual foreign policy goals of gaining acceptance and cooperation in the region and fighting international isolation and economic sanctions. [REDACTED]	
	South Africa Chronology [REDACTED]	61

~~Secret~~

~~NOFORN-NOCONTRACT-~~

~~ORCON~~

Publications of Interest

67

*Articles have been coordinated as appropriate with other offices within
CIA. [REDACTED]*

(b)(1)
(b)(3)
(S),

~~Secret~~

~~Secret~~
~~NOFORN-NOCONTRACT-~~
~~ORCON~~

Scope Note

With this edition, the *Africa Review* will begin an occasional series of special issues over the next several months, each devoted to an African region or topic of current interest. We begin with a close look at South Africa and key political, economic, military, and diplomatic issues and trends that are likely to affect the country and US interests through the early 1990s. Several articles present preliminary findings from research for intelligence assessments that are planned for publication later this year, while others update subjects covered in recent publications. [REDACTED]

State President P.W. Botha suffered a reportedly mild stroke this month. At the time that this issue went to press, his long-term prognosis and fitness to remain in office were not clear, but we believe that our analysis of medium-term trends holds regardless of whether or not Botha steps aside in the coming weeks or months. Comments and queries on the articles are welcome and may be directed to the Chief, Africa Division, Office of African and Latin American Analysis, [REDACTED] [REDACTED]

Reverse Blank

~~Secret~~
~~ALA AR 89-002~~
~~20 January 1989~~

~~Secret~~

~~NOFORN-NOCONTRACT-
ORCON~~

Africa Review

Perspective

Prospects for the National Party [REDACTED]

The ruling National Party (NP) under President P.W. Botha has weathered more than four years of unprecedented domestic and international pressure. Although Botha recently suffered a mild stroke and is likely to step down in the coming weeks or months, the National Party probably will continue his cautious policies. White South African security and political concerns underlie virtually all of the government's international, regional, and domestic actions. Moreover, Pretoria generally has acted according to a longstanding strategy intended to prolong NP dominance, shifting tactics in response to changing circumstances.

Although the strategy appears capable of ensuring that the NP will muddle through at least another four years in power, we believe that over the longer term Pretoria will have increasing difficulty coping with black, economic, regional, and electoral challenges. [REDACTED]

Replaying Old Themes

Despite toying occasionally with ideas such as federalism or Swiss-style cantons, the NP in recent years has strayed little from its strategy crafted during the 1970s. Elements of the strategy include a tough security posture, modest reforms of social and economic apartheid, limited black power-sharing at the local and regional levels, a national advisory body to discuss constitutional change with blacks acceptable to the government, privatization and deregulation to boost economic performance, and a mixture of coercion and diplomacy in the region. Only in the special case of the tripartite agreement on Cuban troop withdrawal from Angola and Namibian independence has Pretoria departed significantly from its script and committed itself to a new approach that limits its flexibility. [REDACTED]

Pretoria faces fundamentally irreconcilable demands from a restive black majority for genuine political participation and from a conservative white minority for a return to strict apartheid. In recent years, these two camps have become even more polarized and most blacks now reject as insignificant the same apartheid reform plans that some whites condemn as selling out white South Africa. Recognizing this gulf, Pretoria appears unwilling to press ahead rapidly on even its very timid reform agenda prior to a national parliamentary election expected later this year. [REDACTED]

Pretoria has made fewer attempts recently to convince foreign observers that it intends to proceed with far-reaching political change, probably recognizing that such efforts do more to make rightwing whites at home nervous than to assuage international critics. Instead, the NP appears content to market unabashedly its vision of separate political structures for blacks and whites. [REDACTED]

South Africa's stagnant economy and rapid black population growth will exacerbate racial tensions as whites and blacks compete for scarce resources. Whites are faced with lowered living standards and will be even more determined to preserve white privilege at the expense of black political and economic aspirations. Although some blacks almost certainly will benefit from growing black unionism, relaxation of black business regulation, and government socioeconomic spending on black areas, most will face worsening unemployment

~~Secret~~

~~ALA AR 89-002~~

~~20 January 1989~~

~~Secret~~

power. There are no English-speaking members in the cabinet. Botha, fearing a legacy as the man who destroyed the "volk," has made repeated calls to conservative whites to return to the NP, claiming it has the only workable vision for the future. Nevertheless, the NP continues to pursue seemingly contradictory policy goals that confuse supporters and prompt defections to the CP. Paradoxically, the NP's attempt to out-tough the Conservatives have given greater credibility to rightwing policies. [REDACTED]

The elections for white municipal authorities in October--which were fought on national political issues --were the first test of CP strength since it became the official opposition in the wake of a strong showing in the parliamentary election in 1987. Although the Conservatives increased their share of the poll to 33 percent--5 percent over the 1987 parliamentary election --NP leaders were buoyed by the election results. The Conservatives made some inroads in heavily industrialized areas, but their overall performance fell short of CP expectations. The NP retained control of the hotly contested Pretoria council and a comfortable majority of councils in the predominantly Afrikaner Orange Free State. The Conservatives won few seats in Natal and Cape Provinces. Likely NP gerrymandering of parliamentary districts prior to the next national election will offer some protection from CP gains in the crucial Transvaal Province. [REDACTED]

[REDACTED]

and poverty in an economy unable to provide jobs for most of the more than 300,000 new black jobseekers each year. [REDACTED]

Pretoria also faces challenges regionally and internationally as it attempts to reduce its diplomatic--and economic--isolation and force the removal of African National Congress (ANC) bases from neighboring states. Pretoria will try to reap maximum gains from its agreement to implement UN Resolution 435 on Namibian independence and its rapprochement with Mozambique. Internationally, Pretoria almost certainly expects to forestall additional economic sanctions and gain at least limited access to financial markets. Domestically, the NP hopes its regional policy successes will impress white voters and prevent defections to the rightwing Conservative Party (CP). [REDACTED]

Trends in White Politics

President Botha and other senior NP leaders have yet to come fully to terms with the split in Afrikanerdom and their new reliance on English-speaking voters to stay in

Botha probably believes that his party's success in retaining the support of the white political center in the municipal elections reflected the broad appeal of his blend of tough security, minor apartheid reforms, and regional detente. The President almost certainly was relieved that the Conservatives did not do as well as expected, but he is probably concerned by the opposition party's inroads in urban areas and among Afrikaner voters. NP leaders probably calculate that the CP will gradually capitalize on its electoral gains to attract more financial support and build up the party's organizational infrastructure. Pretoria almost certainly has gotten a boost from the negative white--particularly business--reaction to the costly reimposition of strict apartheid in CP-controlled municipal areas, and from a

~~Secret~~

recent controversial split within the ultraright Afrikaner Resistance Movement. NP concern about growing rightwing sentiment was reflected in the banning in November of a small rightwing extremist group. [REDACTED]

Botha is probably most satisfied with the NP's performance against the liberal opposition parties. In October the NP edged out the Progressive Federal Party (PFP) in several historically liberal urban councils, including Johannesburg. Although the PFP teamed up with independent candidates to win control of the Durban and Cape Town councils, it fared poorly outside its traditional urban strongholds. Efforts by the three leading liberal parties to unite under one banner to challenge the NP more effectively are likely to founder over disagreements on leadership, ideology, and strategy. [REDACTED]

Tightening Control

The government has become increasingly dependent on authoritarian government structures and security measures to control the black opposition and calm white fears. We believe the imposition of a nationwide state of emergency in 1986 signaled the government's determination to use every available means to stop the antiapartheid movement. Through extensive powers granted to its security forces, the government has crippled black political organizations and their ability to stage massive antigovernment protests. These measures have closed almost all avenues for peaceful protest and change, and have begun to impinge upon white freedoms, but with little discernible backlash from the white community. [REDACTED]

The South African Government has restricted much of the freedom once enjoyed by the press and other media. Pretoria has used censorship, coercion, and manipulation of information to conceal effectively evidence of black grievances and protest from domestic and international audiences, and convince white South Africans that the government has full control of the situation. [REDACTED]

Dealing With Blacks: Repression and Co-optation

Since the imposition of the state of emergency, the South African Government has recomphasized a comprehensive counterrevolutionary strategy aimed at

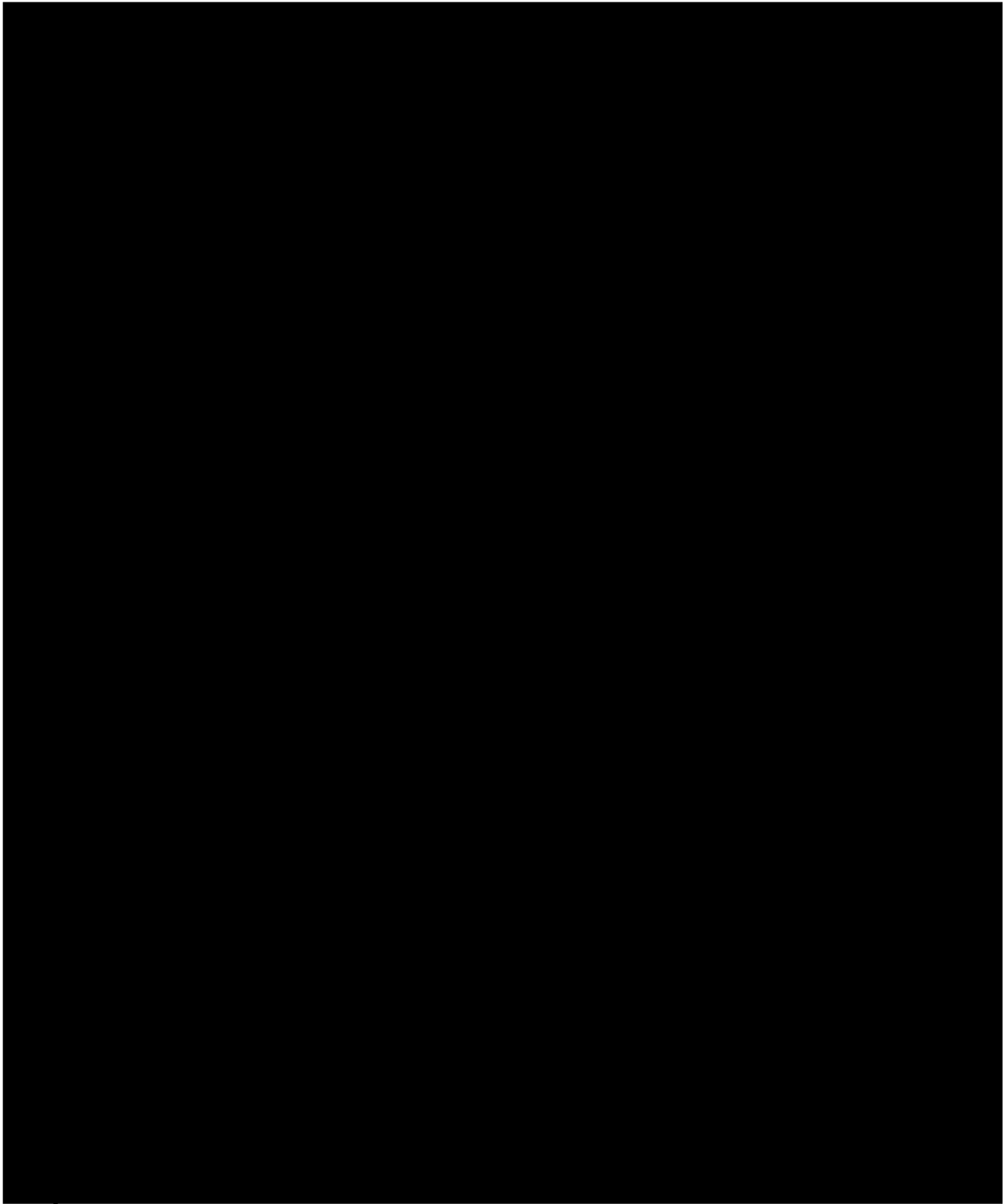
ending opposition in the black townships through tough security actions as well as political and economic co-optation. Pretoria has intensified its crackdown against the opposition, and will not hesitate to ban or restrict organizations or individuals contravening its broad security proscriptions against antigovernment activity. The government will tolerate few challenges to its authority. Pretoria effectively banned at least 32 opposition organizations in 1988 and severely restricted the movements and activities of most opposition leaders. [REDACTED]

Pretoria hopes to create a climate in which "acceptable" blacks can negotiate with the government free of intimidation from black militants. The government is trying to eliminate the current black opposition--which it views as controlled by Communists and agitators--and replace it with leaders of its own choosing. Minister of Constitutional Development and Planning Heunis--South Africa's primary constitutional architect--recently claimed that the current security restrictions leave ample room for political expression by blacks as long as they are willing to work within the system. Pretoria also hopes its tough security measures will keep black expectations low and convince blacks of their inability to force reforms through violence and civil disobedience. [REDACTED]

The NP, firmly rooted to the concept of groups rights, probably does not believe it can satisfy black demands for political change. To date, all changes instituted by Pretoria--ostensibly to broaden democracy to include nonwhites--have been counterbalanced by an expansion of national executive authority to prevent a significant loss of white power. Its actions are carefully orchestrated to sow disarray in the black opposition and convince moderate white supporters and the international audience of its intention gradually to broaden black political participation. [REDACTED]

Confident of its ability to contain black violence and maintain order through draconian measures, Pretoria is actively pursuing political and economic co-optation in an effort to reduce black dissatisfaction. Central to Pretoria's political co-optation plans is the national

~~Secret~~



~~Secret~~

council. The council, which would advise the President on constitutional change, has been touted as the first step toward political participation at the national level. Despite almost unanimous black rejection of the council, Pretoria clearly intends to proceed with the scheme, probably calculating that it can always co-opt willing black participants with offers of personal financial gain. The government has also proposed a constitutional amendment that would allow the appointment of the first black cabinet minister or deputy minister. [REDACTED]

Black municipal elections last October formed an integral part of Pretoria's strategy to convince white voters that it is successfully co-opting blacks with political and economic inducements. Pretoria claimed that the black turnout--marginally higher than the last black elections in 1983--demonstrated greater black support for its reform program and support for the national council. [REDACTED]

The restored local administrations are intended to provide Pretoria a cadre of compliant black local officials with whom it may discuss its agenda of limited political change. Although the black municipal authorities lack sufficient political credibility and financial resources to overcome community opposition, Pretoria has declared that they now have a mandate to negotiate constitutional change for the black majority. The newly elected officials will select from their own ranks nine members to sit on the national council. Even in the NP, however, few see the council as a credible forum for black political participation. [REDACTED]

Outlook

We believe that the NP will probably muddle through at least the next four years in power, but without achieving any lasting solutions to its electoral, black, economic, or regional challenges. Although the seriousness of events or crises facing the government may at times appear--or be portrayed by its foes to the left and right--as regime threatening, Pretoria probably will be able to at least cope with the challenges. [REDACTED]

Pretoria probably will attempt to put a moderate face on its domestic and regional policies as long as it sees benefits in the form of diplomatic acceptance and

slower tightening of the sanctions net. Pretoria does not believe, however, that it can reconcile the demands of South African whites for security with international--particularly US--demands for political change. [REDACTED]

We believe the NP will retain a comfortable parliamentary majority in the coming national election. Nevertheless, its concern over growing CP strength will relegate progress on reform to the backburner, even among "verligte"--or enlightened--NP members at least through 1989. A succession crisis probably would further dampen any pressure for significant reform within the NP. The government is likely to delay the national council and other initiatives until after the election, and probably will claim it is waiting for a mandate from whites to move on reform. Pretoria may establish a few "mixed" residential areas, a major issue in the October municipal elections, but it is unlikely to repeal the Group Areas Act, the backbone of residential apartheid. Many white moderates are unhappy with Pretoria's slow pace of reform, but fear of the CP, support for Pretoria's security stance, and disarray among more liberal parties leave them with few political alternatives to the NP. [REDACTED]

Pretoria's security measures have at best achieved an impasse with the black majority. The black opposition lacks the power to force the government to address its demands, but Pretoria has been unable to impose its will on township blacks and legitimize racially discriminatory government institutions. Despite the government's characterization of the black municipal elections as an electoral success and a mandate for its program of limited reform and black economic development, we believe the election had little meaning for most blacks. The process of black urbanization--firmly entrenched since Pretoria relaxed laws governing black migration from rural areas to the cities in 1985--has facilitated political awareness and organization among blacks and frustrated Pretoria's efforts to root out dissent. [REDACTED]

~~Secret~~

~~Secret~~

A new outbreak of serious unrest is probably inevitable, but in our view is unlikely in itself to be regime threatening. Black political frustration will be aggravated by higher unemployment, inflation, and worsening black living conditions. Black demographic growth and intensified urbanization will increase the competition for scarce resources, and intensify black resentment of white economic privilege. The spark that will light the tinder of black anger could range from a security force action in which many blacks are killed, such as the Sharpeville massacre in 1960, to specific economic provocations, such as the Transvaal rent increases that escalated into nationwide violence starting in 1984. The black opposition, however, is still unquipped to translate that anger and violence into concerted action to challenge the regime. The security forces have demonstrated their willingness to use any means to maintain control, and have significant resources available. [REDACTED]

Alternative Scenarios

Despite its strategy for the next few years, we believe that even the NP accepts the inevitability of fundamental political change in South Africa. Pretoria's policies are aimed at delaying that day as long as possible. The current leadership probably believes its security forces can guarantee continued white privilege well into the next century. NP leaders also believe--probably with less confidence--that they can continue to win needed electoral support from the white political

center through a carefully orchestrated program of limited reform, tough security measures, and regional detente. While we believe that the NP probably can weather at least four more years in power, several events could seriously undermine its control over the pace or direction of events:

- A surge in CP support--possibly in reaction to a dramatic increase in black violence targeted against whites--could lead to a rightwing takeover of the government, or prompt a constitutional crisis if the NP refused to give up control.
- Widespread black rioting could erupt if jailed ANC leader Nelson Mandela died in prison, or if Pretoria, miscalculating its ability to control black reaction, released him.
- A plummeting gold price or comprehensive and mandatory UN economic sanctions could cause a devastating economic depression.
- A breakdown of the Angola-Namibia accords and a halt or delay of Namibian independence could lead to renewed hostilities between South Africa and Angola, and probably invite stronger Cuban and Soviet intervention. [REDACTED]

~~Secret~~

~~Secret~~

Electoral Challenges

The Rightwing Threat

For the first time in almost 40 years, the future of National Party (NP) rule has come into question. Since 1985, South Africa's rightwing Conservative Party (CP)--a splinter of the NP--has surged from the fringes of white politics to become the official opposition in parliament. The Conservatives already are having a chilling effect on government plans to modify apartheid to bring some blacks into a national advisory body. Opinion polls and recent municipal election results suggest that the Conservatives have a better than even chance to capture the Afrikaner heartland--once the stronghold of Nationalist support--in Transvaal and Orange Free State Provinces in a general election this year, leaving the NP with a significantly reduced, less loyal, and increasingly English-speaking constituency.

Conservative Party Surge

The Conservative Party is the rising star in white South African politics. It has surged to prominence since 1985 largely because of white anxiety over sustained, widespread township unrest and the NP's faltering efforts to modify apartheid. The CP's promise to return South Africa to strict apartheid--and eventually partition the country--has become increasingly attractive to whites concerned about their personal security and the certainty of continued unfettered white control of white affairs. Its promise of tough security measures is attractive to many whites--particularly Afrikaners--frustrated by the NP's apparent inability to restore calm to the townships and stop a gradually intensifying bombing campaign by the African National Congress (ANC) in both urban and rural areas.

Unlike the ruling party and its liberal opponents, the CP is becoming more confident of its future. Conservative leaders talk increasingly of when, not whether, they will unseat the Nationalists in a general election. Conservatives point to the 1987 general election--when the CP replaced the liberal Progressive Federal Party as

official opposition in parliament--and to its strong performance in nationwide municipal elections last year as evidence of the party's growing popularity. Election results and surveys of white opinion indicate that the CP is gradually gaining strength in Transvaal and Orange Free State Provinces, the traditional base of the NP, and that it has even made gains in northern Natal and Cape Provinces. Moreover, the CP appears to be making substantial gains in previously stalwart Nationalist sectors of the white community, including bureaucrats, security officials, farmers, and to a lesser extent urban industrial workers.

~~Secret~~
ALA AR 89-002
20 January 1989

~~Secret~~

Nationalists Edgy

Senior NP officials--as well as rank and file party members in the provincial caucuses--are clearly disturbed by the threat from the right. The Conservatives present not only a political challenge to continued NP control of government but also are a reminder of the significant split in Afrikaner culture over the inclusion of blacks in government. A variety of reporting indicates that President Botha is seriously disturbed that his policy of limited racial reform has split the Afrikaner-based NP, the highly influential Broederbond--a semi-secret Afrikaner political-cultural organization--and the Dutch Reformed Church, once called "the National Party at prayer."

The NP's concern that its policies might result in a further loss of support on the right has led to considerable hesitation and backtracking in NP policies. We believe concerns about the rightwing threat are in large part responsible for the ruling party's apparent lack of a clear road map for reform. In addition, the NP's increasingly authoritarian approach to dissent and dramatic policy reversal on Angola-Namibia are in part attributable to Nationalist concerns about CP inroads into NP support.

The Conservatives have made political hay over the NP's vacillation on reform. The CP does not hesitate to capitalize on racism and fears among whites of losing their cultural identity, economic position, and political power if blacks are brought into government. The Conservatives have used the NP's refusal to state clearly its reform intentions to stir white anxiety that the government plans to sell out white interests. Similarly, when the NP announces a new change to apartheid legislation, the Conservatives effectively criticize the measure as counter to white interests. As a result, the CP already wields a near veto on the NP's agenda--far out of proportion to its numerically small presence in parliament.

The NP has considered drastic measures to stop or at least contain rightwing gains in elections. A general election is constitutionally mandated before March 1990, but Botha has tried to defer it to 1992 by constitutional amendment. He has run into stiff opposition from the leader of the Labor Party--the

majority party in the Colored House of Representatives --who will only consent to a constitutional amendment if the Nationalists scrap major apartheid legislation that mandates racial segregation. Unwilling to undertake such a politically dangerous move, Botha now appears set to gerrymander electoral districts to the best advantage of his party before the general election expected to be called later this year.

Outlook

In our judgment, it is almost certain that the NP will retain control of parliament in the next general election, if it is held later this year, but the Conservatives appear poised for their strongest performance to date. We believe if an election was held today, the CP would have a better than even chance to win a majority of seats in Transvaal Province and would probably make substantial gains in Orange Free State Province. reporting suggests that the CP is only a few percentage points away from making a near sweep of these two important regions of traditional Nationalist support. Several critical variables will affect the size of the rightwing vote:

- *White perceptions of the domestic security situation.* A significant increase in township unrest prior to the election or an intensification of the ANC's bombing campaign would enhance the CP's prospects.
- *Perceptions of the NP's reform program.* If the NP announces unexpected changes to apartheid legislation or appears to move too rapidly on previously announced plans, the Conservatives will be able to heighten concerns that the NP has lost sight of white interests.
- *Status of jailed ANC leader Nelson Mandela.* We believe the release of Mandela would spark an outcry among rightwing whites that would undoubtedly cost the NP substantial support, following Conservative charges that the NP had buckled to international pressure and had grown soft on security.
- *Economic conditions.* Whites increasingly are embittered by their slowly declining standard of living in the wake of years of slow growth and high

~~Secret~~

inflation. The CP already has made substantial gains among farmers hit hard by years of drought and declining government subsidies. If the South African economy plunged into a recession prior to a general election, the Conservatives would gain additional support from whites who blamed NP mismanagement.

- *A foreign policy reversal or military setback.* If Pretoria is embarrassed by a significant foreign policy reversal such as the collapse of the Brazzaville Accords on Angola-Namibia or a serious military setback in a cross-border operation against ANC facilities in the region, some conservative whites might lose further confidence in NP leadership. [REDACTED]

Most new NP initiatives on the domestic front probably will remain on hold until after the general election. NP officials probably reason that their current emphasis on security and slow pace of reform will keep losses on the right to an acceptable minimum, while not antagonizing the party's new, proreform supporters on the left. After a general election, the NP will have another five years to implement its policies without worrying about an imminent CP challenge. [REDACTED]

We believe the election results will be critical for the future course of NP policy. The Nationalists almost certainly will emerge from the election with a significantly reduced, less loyal, and increasingly English-speaking constituency. If the election yields mixed results, with only a limited loss of parliamentary seats, we believe Nationalist leaders will probably continue on their current tack, muddling ahead on limited reform and cracking down on all forms of dissent. If the Conservatives, however, make substantial gains--more than doubling their presence in parliament to 50 or 60 seats--the election could force the NP finally to accept its more reformist, English-speaking constituency on the left and break from its traditional base in Transvaal and Orange Free State Provinces. In the unlikely case of more significant gains that threatened continued Nationalist rule, the NP probably would be forced to move toward the parties on the left, preparing for a "proreform" coalition. [REDACTED]

Boksburg--The Right Wing in Action

Moves by a Conservative Party (CP)-controlled town near Johannesburg to tighten racial segregation have met with widespread opposition, including a damaging black consumer boycott of local white-owned businesses. In turn, the Conservatives have made token efforts at a face-saving compromise but are unlikely to capitulate fully on their segregationist agenda for the town. Meanwhile, the National Party (NP)-dominated central government--which hopes to score political gains for itself--is content to let the Conservatives struggle with the issue, and Pretoria is unlikely to bail them out by repealing laws that allow for strict segregation.

Conservatives Take Charge

The CP won control of a majority of towns in Transvaal Province in the nationwide elections last October. Citing an electoral mandate from whites to promote segregation, CP officials vowed to use their control of local municipal governments toward that end. In Boksburg, a white mining town 20 miles east of Johannesburg, the CP-dominated municipal council moved in November to reimpose segregated amenities in municipal buildings, parks, pools, and other facilities, and to eliminate multiracial business districts. Several other towns have followed suit, but the Boksburg case has received the most press play and notoriety.

Consumer Boycott

The CP's policies in Boksburg have led a coalition of black and "colored" businessmen, civic and church leaders, and others operating under the banner of the "Save Boksburg Committee" to organize a consumer boycott of local white-owned businesses, which depend on the buying power of adjacent black and "colored" townships. Contrary to Conservative bluster that black consumer spending in Boksburg is "nothing more than a byproduct of the white economy," black spending is estimated to constitute normally more than half of local

retail sales. Furthermore, adequate shopping facilities in nearby towns have made the boycott easy to sustain.

For its part, Pretoria has given at least tacit approval for the boycott. Although it is illegal to advocate boycotts under the three-year-old state of emergency, Pretoria has vowed not to take action to break the Boksburg boycott unless there is violence.

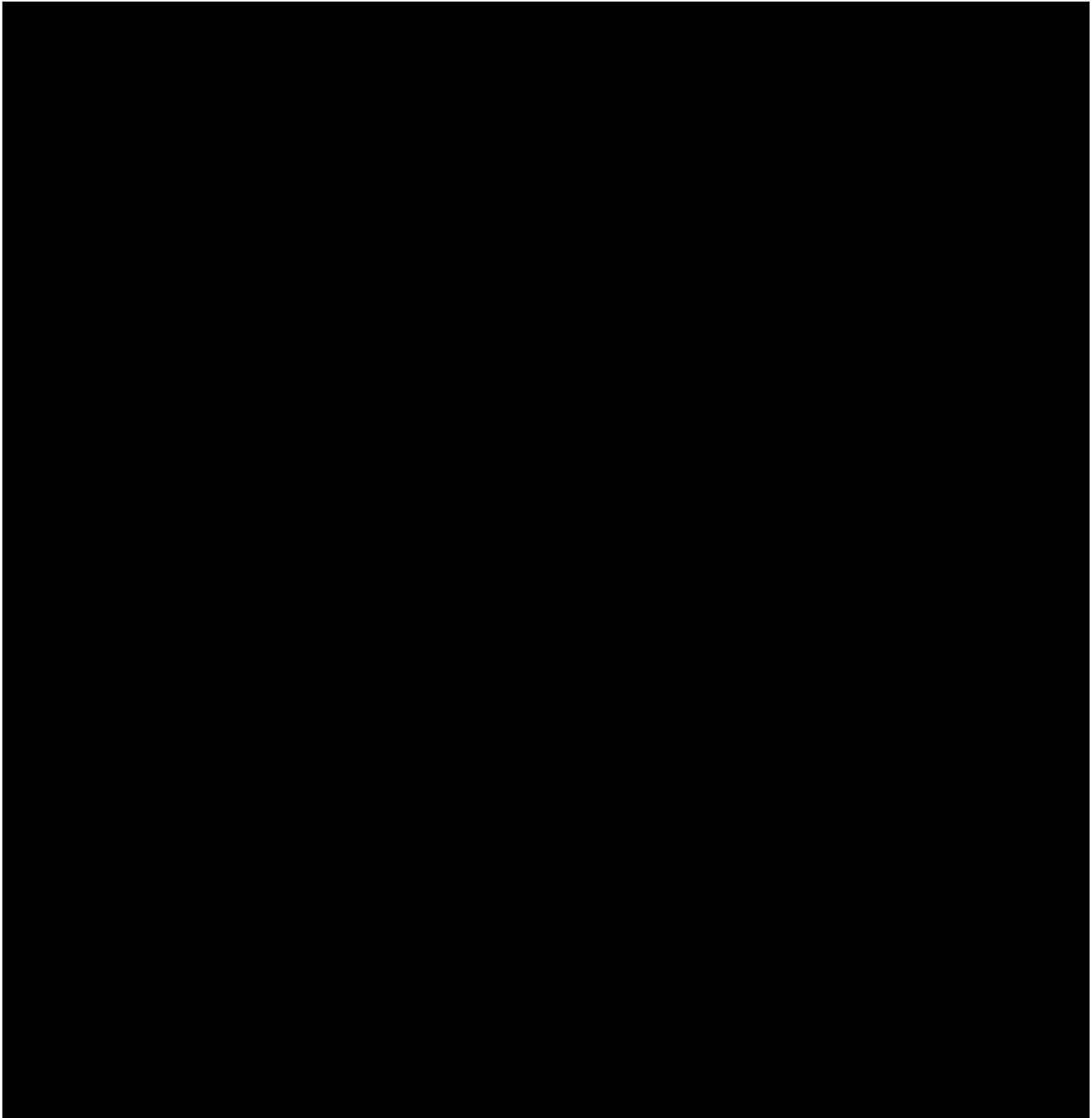
White business groups have argued strongly against stricter segregation in Boksburg, but have opposed the boycott because it hurts their businesses. Some have joined with black and "colored" town councilors to lobby Boksburg and national government officials to end the reintroduction of petty apartheid.

Multinational companies have also flexed their muscles. One multinational, which has been located in Boksburg for over 50 years, applied to be rezoned out of the municipality's jurisdiction because of the new rules. Not surprisingly, the company's application was denied. The managing director, however, promised "moral and financial" support to any Boksburg group that wished to protest the CP's moves legally.

Seeking an Easy Out

Pressure from local business, declining property values, and potential loss of corporate constituents have led the Boksburg municipal council to search for an easy way out. The council has proposed providing funds to upgrade industrial and recreational facilities in a neighboring black township in exchange for reserving facilities in Boksburg for whites only. The proposal is unlikely to stop the popular boycott because it does not address the fundamental issues.

~~Secret~~



~~Secret~~

The PFP's waning electoral prospects were confirmed by the results of local elections last October, in which its two rivals for the liberal vote fielded few candidates. The Progressives did not win many seats outside their traditional urban strongholds, and the National Party edged out the Progressives to win control of several historically liberal urban councils, including Johannesburg. Progressive candidates formed tactical coalitions with candidates sponsored by the other liberal parties with mixed results. A PFP-Independent Party coalition won control of the Durban council, but the Progressives won no seats on the traditionally conservative Pretoria council, despite teaming up with the National Democratic Movement. [REDACTED]

The Merger Option

The three liberal parties recently announced plans to join forces in an effort to broaden their electoral appeal, but will be hard pressed to overcome remaining obstacles to an effective merger. The parties have yet to resolve important differences regarding a leader for the new party or to develop a policy platform that reconciles differing views over South Africa's constitutional future and relations with the black opposition. PFP leader Zach De Beer recently admitted that the differences are unlikely to be worked out in time for the new party to contest a general election, particularly if it is held early this year. [REDACTED]

Electoral Prospects

The three liberal parties are likely to do poorly in the next general election, particularly in the absence of a merger. PFP leaders calculate that the party would lose up to one-third of its seats without an electoral pact. Although surveys of white opinion indicate that Worrall's Independent Party commands nearly as much support as the Progressives, the Independents have yet to develop a comparable party infrastructure and, in our view, would do well to win one or two seats in a general election. [REDACTED] reporting indicates that the National Democratic Movement, which has alienated

many potential supporters by focusing on building ties to the black opposition, is likely to retain only one of its three seats in the election. ¹ [REDACTED]

Even if the three liberal parties succeed in joining forces in time to fight an effective parliamentary election campaign, a new party is unlikely to mobilize the full potential of the liberal vote, or to prevent the National Party from winning some seats now held by the Progressives and the National Democratic Movement. The compromises made to achieve and maintain a merger would be certain to alienate portions of the parties' respective constituencies. Moreover, personality clashes and ideological differences will make the facade of liberal unity difficult to maintain and could ultimately destroy a new party altogether. [REDACTED]

Outlook

While we believe prospects for the parliamentary left will remain dim over the next several years, the liberal opposition is likely to regain some support lost to extraparliamentary groups. A growing contingent of white liberals and extraparliamentary groups have begun to rethink their stance on participation in the face of growing rightwing strength and the National Party's moratorium on reform. The majority of white opposition organizations favored voting in the municipal elections last October, [REDACTED] that liberal voters went to the polls in higher than expected numbers in some areas, concerned by the National Party's threats to desegregate wards that elected PFP candidates. Liberal voters will have more incentive to vote in parliamentary elections, where the stakes are higher. In the longer term, if Pretoria tightens restrictions on white extraparliamentary groups,

¹The distribution of elected seats in the white parliamentary chamber is National Party-123, Conservative Party-22, Progressive Federal Party-17, National Democratic Movement-3, National Republic Party (now dissolved)-1. [REDACTED]

~~Secret~~

curtailing their ability to operate, some activists may become convinced that parliament offers a better platform for pressuring the government. [REDACTED]

Nevertheless, we expect white support for the proreform opposition to remain confined to a minority for the foreseeable future. Although white society would probably become more polarized if pressure from the black opposition and international condemnation seriously threatened white lifestyles, this process would be more likely to benefit rightwing groups than the white liberal parties. [REDACTED]

[REDACTED]

~~Secret~~

Black Challenges

Prospects for the Internal Black Opposition [REDACTED]

The nationwide state of emergency, renewed in June 1988 for a third year, and the South African Government's effective banning of the black opposition's leading organizations--including the United Democratic Front (UDF)--last February, have made active mass protest virtually impossible. Most opposition leaders are jailed or restricted from any political activity. More than 30,000 activists have been detained since the state of emergency was declared, including most of the UDF's national and regional leadership. Despite its impressive security machinery, however, the South African Government, in our view, has not yet defeated the black opposition. Pretoria remains unable to stop all acts of passive civil disobedience or to draw blacks into government-controlled negotiating forums. The impasse in black-white relations is likely to persist in the near term, in our view, barring a catalytic event that dramatically changes the political dynamic [REDACTED]

Coping With Repression

The opposition has been adept at mounting an increasingly sophisticated civil disobedience campaign, marked most notably by boycotts. The opposition continues to employ work, rent, and school boycotts to press national demands for political rights and protest local grievances such as high rents and poor schools. [REDACTED] the crackdown last February against the UDF was intended largely to thwart the group's planned boycott of the black local elections held in October 1988. Unable to hold mass political meetings, blacks gather in homes, in churches, and even on commuter trains. [REDACTED]

Many boycotts and stayaways have taken on lives of their own and require little organization or coordination. The Soweto rent boycott has continued for almost three years, despite the banning of its organizer--the Soweto Civic Association. Massive nationwide work and student boycotts to commemorate the 16 June

anniversary of the Soweto uprising have become almost routine. Furthermore, the most recent actions have taken place with little evidence of violence or intimidation of workers by radical youth. [REDACTED]

Black trade unions are likely to remain one of the most important components of the black opposition for the next several years. Although the largest trade union federation--the Congress of South African Trade Unions (COSATU)--was banned from all political activity last February, union activists have blurred the distinction between narrow labor issues and political demands. Virtually all labor actions now have a political dimension. Labor leaders are likely to continue their harsh rhetoric against the government and remain committed to political militancy. Local labor organizers will probably play a crucial role in rebuilding community organizations and opposition networks. [REDACTED]

Prominent black church leaders have become more active politically as a result of the restrictions against most opposition groups. Church leaders have achieved new political prominence as they have taken up the causes of banned groups, such as the UDF, keeping the opposition flame alive while community organizations were in disarray. For example, several church leaders, including Anglican Archbishop Desmond Tutu and Reverend Allan Boesak, flagrantly violated security regulations by calling publicly for a boycott of the black local elections in October. They probably calculate that their religious positions offer them some protection from government persecution. Religious leaders have been undeterred by President Botha's public attacks against them for serving, in his words, the interests of the African National Congress (ANC) and Communism. They are likely to continue organizing protests thinly veiled as prayer meetings. [REDACTED]

Church leaders' activism is not always shared within the church hierarchies or at the grassroots level, however. Progressives are still a minority within essentially conservative church structures. [REDACTED]

[REDACTED] The church's practical contribution to the anti-apartheid struggle has been modest, and few young activists are practicing church-goers. Many local churches have been reluctant to risk security force action against them by allowing opposition groups to use church facilities, further alienating some activists. [REDACTED]

Fighting a Rearguard Action

Pretoria has attempted to use political and economic co-optation to draw greater black participation in racially based government institutions in the black townships and homelands. The government undoubtedly hopes that an expanding black middle class with a stake in the system will act as a moderating factor in black politics. The government wants to improve black economic conditions both by boosting growth in general and by targeting black communities for special development projects. In addition to upgrading housing, this effort includes government funding for new sports, cultural, and church organizations. Pretoria probably recognizes that the strategy is constrained by the limited financial resources available for black economic improvement, but believes it will help divide blacks and at least delay the day of political reckoning for whites. [REDACTED]

Pretoria's political co-optation efforts have been rejected by most blacks. The crackdown on opposition groups last year was intended to create a climate in which "acceptable" blacks would be able to negotiate with the government free of intimidation by black militants. The black municipal elections held in October were an integral part of Pretoria's efforts to create a cadre of compliant black local officials with whom it could discuss limited political change. The government almost certainly will entice at least some blacks, particularly discredited black township officials, to join its proposed national council. The council, which would advise the President on constitutional change, has been touted as the first step toward political participation at the national level, but, in our view, it represents Pretoria's efforts to limit blacks to advisory

and largely figurehead roles. The majority of blacks will reject participation in the council, viewing it as little more than a rubberstamp for the ruling National Party's policies. [REDACTED]

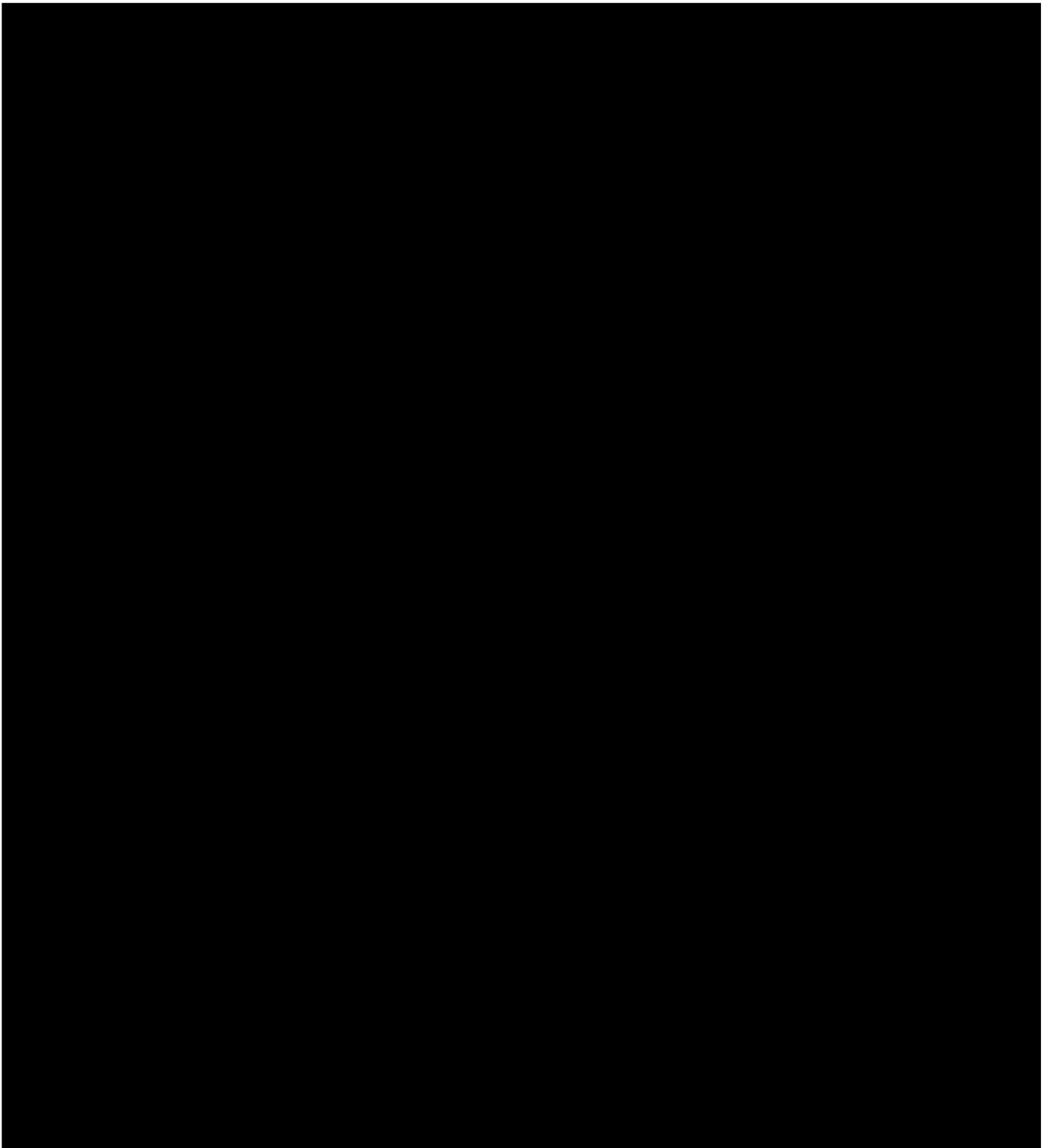
Looking for New Strategies

A new pragmatism--born out of adversity--appears to be emerging in opposition forces. The heady days of 1986, when many blacks believed liberation was just around the corner have given way to sullen acceptance that the government will hold the upper hand for several more years. The opposition has placed more emphasis on common objectives and less on ideology in an attempt to forge opposition unity. For example, prominent opposition leaders--including Frank Chikane, Albertina Sisulu, Archbishop Tutu, and General Secretary of the National Union of Mineworkers Cyril Ramaphosa--negotiated for the first time in December with the Soweto Town Council to end the nearly three-year-old rent boycott there. The negotiations set some important precedents: the Council agreed to write off almost \$70 million in rent arrears--subject to approval by white authorities--and accrued some legitimacy in its administration of Soweto. At the same time, the Council and the government acknowledged the credibility of the anti-apartheid leadership that advocated the boycott. [REDACTED]

A process of rebuilding opposition networks at the grassroots level, focusing on local issues and attainable goals, is under way. A prominent black journalist has dubbed this "nationbuilding," a process that emphasizes black development instead of self-defeating attacks against the white government. A new emphasis also has been placed on seeking black economic gains. Black businessmen are now considered integral to the struggle instead of collaborators. [REDACTED]

The ANC has played an instrumental role in encouraging cooperation between opposition groups. It has urged the UDF and COSATU to form a broad opposition coalition including black businessmen, traditional tribal leaders, and liberal white extraparliamentary groups. The ANC in particular has urged unity between COSATU and the National Council of Trade Unions--South Africa's second largest trade

~~Secret~~



~~Secret~~

ANC Goals and Objectives

The ANC's short-term objectives are fairly clear and its two-track military-political strategy reflects a realization that majority rule is not around the corner. Short-term political objectives include: urging South African blacks to continue antigovernment activities, fostering a broad domestic multiracial coalition that would press Pretoria to negotiate, and getting international support for policies designed to isolate the South African Government--specifically comprehensive economic sanctions. The ANC's basic short-term military objectives are designed to bolster the internal black opposition, to buttress the ANC's internal credibility, and to disrupt Pretoria's control mechanisms in the townships.

In the longer term, the ANC hopes to force the white government in Pretoria to accept black majority rule, preferably with the ANC at the helm. The group's military tactics therefore, are largely designed to undermine white morale, thereby forcing the government to the negotiating table. The ANC vision of postapartheid South Africa, however, remains somewhat vague. Its official political manifesto, the 1955 Freedom Charter, lists moderate socialist aims--including a nonracial, democratic, unitary state--but is deliberately vague in order to appeal to and attract as broad a coalition of antiapartheid forces as possible. Last year the group released draft guidelines for a postapartheid constitution designed in part to refine its vision of a future South Africa. The guidelines, however, essentially reinforced the charter's ideals rather than embellished them.

activists, the impressive bombing campaign last year--designed to discredit the government's nationwide elections--suggests its internal network is alive and operational.

One negative outcome of this shift toward greater operational freedom at the local level, however, has been an increase in controversial attacks on civilian targets. Last year, a rash of indiscriminate bombings

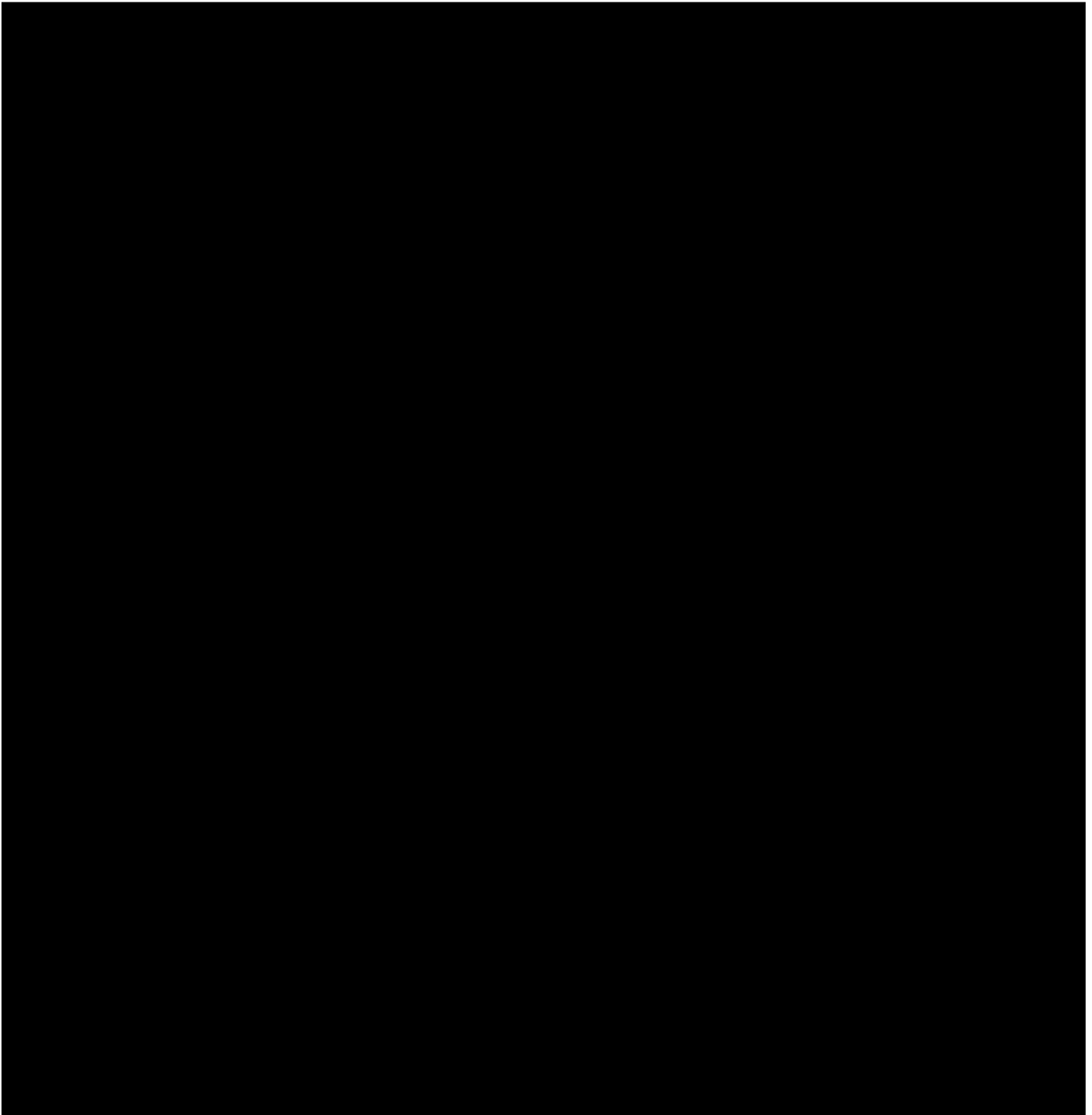
sparked heated debate among senior ANC leaders. The ANC political leadership has been loathe to endorse any premeditated campaign against civilians, especially whites, because such attacks risk Western condemnation and even harsher South African retaliation. ANC military officials, on the other hand, believe that the group must increase urban attacks to undermine white morale and thereby force Pretoria to negotiate. The ANC senior leadership probably will allow periodic increases in military activity inside South Africa to placate restive insurgents and preclude a split between the political and military wings over strategy. Nonetheless, it almost certainly will take steps to rein in the military wing if it starts operating too independently.

Political Goals

The ANC continues to depend on its allies in the internal black opposition--in particular the United Democratic Front (UDF) and the Congress of South African Trade Unions (COSATU)--to sustain antigovernment opposition activities. In addition to coordinating strategies and protest actions, the ANC leadership has tried to mediate rivalries between the two groups to promote opposition unity.

In addition to contacts with the black opposition, ANC leaders have sought to expand relations with South African whites. The ANC regards its meetings with whites--particularly Afrikaners--as opportunities to burnish its professed democratic and multiracial credentials, exploit divisions in the white community, and broaden multiracial opposition to the South African Government. Talks last year with the leadership of several white extraparliamentary groups and with officials from the white South African Rugby Union--an Afrikaner institution--represent the ANC's latest efforts to engage South Africa's white community.

~~Secret~~



~~Secret~~

~~Secret~~

The ANC--with help from supporters worldwide--has been able to isolate South Africa internationally. At the same time, however, President Botha's visits to several African capitals last year suggest that Pretoria is having some success shedding its pariah status. In fact, there are hints that Pretoria may be able to expand its international contacts as a result of successful negotiations on Namibian independence. Even Zambian President Kaunda has alluded to a possible meeting. Pretoria's gains in the international arena will complicate the ANC's international public relations campaign and undermine lobbying efforts for punitive measures, such as additional economic sanctions, against South Africa. [REDACTED]

Outlook

The volume and tempo of ANC attacks have steadily increased over the years despite Pretoria's tight internal security. In 1989, however, the ANC may be forced to curtail its military activities somewhat to adjust to new operational conditions and venues. The group probably will increasingly plan the timing of its military operations to coincide with significant events in the black political calendar--such as the 16 June anniversary of the Soweto uprising--or to reinforce antigovernment actions organized by the internal black opposition. Deliberate attacks on civilian targets probably will

remain a controversial issue among ANC officials. Despite efforts by the political leadership to restrain military operations against civilians, we believe such attacks will continue. [REDACTED]

The ANC also will continue to consult with internal opposition groups to coordinate protest activities, but their ability to mount significant antigovernment protests will continue to be circumscribed by Pretoria's repressive security measures. The ANC's reluctance to propose any policy options without prior approval of the internal opposition suggests that it will not offer any novel political solutions to the South African problem any time soon. Moreover, the strength and diversity of the internal opposition probably will continue to reduce the ANC's chances of becoming the sole spokesman for South African blacks in any political initiatives or negotiations with Pretoria. [REDACTED]

[REDACTED]

~~Secret~~

Prospects For Mandela's Release

Pretoria moved jailed African National Congress (ANC) leader Nelson Mandela to a minimum security facility on prison grounds last December in what it hinted was the first step of a phased release. The 70-year-old Mandela has been accorded more liberal family visiting privileges, but he is isolated from other prisoners and the government continues to deny diplomatic or media access. The rumors of Mandela's imminent release late last year prompted a flurry of activity by black opposition leaders seeking to capitalize on the release to revitalize the battered opposition movement. Rumors that Mandela will be freed altogether are likely to surface periodically during the coming year, but we believe Pretoria would release him only under conditions and at a time of its own choosing to minimize white rightwing criticism and the risk of sparking new black activism.

Pretoria's Dilemma

The jailed ANC leader's bout with tuberculosis last year brought home to many South African officials the need to resolve the Mandela problem before he dies in prison. Pretoria apparently hopes that a phased release would placate international opinion, avoid heightened black expectations of dramatic political change, and provide ample opportunity to delay the process if security considerations so dictate. The government may also hope to use a phased release to demythicize Mandela and to exacerbate ideological splits in the black community. Pretoria already has argued that its main concern in moving slowly is for Mandela's safety. It claims militant activists who believe he is more valuable to the opposition jailed or dead as a martyr than free plan to assassinate Mandela if he is released.

Pretoria would probably attempt to use Mandela's release to try to draw moderate blacks into a government-sponsored negotiating forum such as the proposed national council. If Mandela is given an unconditional release, this would ostensibly remove a major black precondition to talks with the government

and might prompt local and homeland black leaders, particularly Zulu leader Buthelezi, to join the council.

Security officials--who oppose Mandela's release under any conditions--undoubtedly have warned that he will immediately engage in illegal political activity, forcing his reimprisonment and further aggravating racial tensions. Moreover, the government is still smarting from the negative white reaction to the unconditional

release of ANC leader Govan Mbeki in 1987. Mbeki immediately began political activity and the government responded with severe restrictions on his actions. [REDACTED]

Mandela's Dilemma

Black leaders hope that the release of Mandela would energize the opposition and usher in a new era of antiapartheid activity. In response to the widespread release rumors in November, they quickly established a coordinating committee to advise Mandela on policy questions and prepare for public contacts. [REDACTED]

[REDACTED] Mandela would be expected to launch a peace initiative, highlighted by a moderate but far-reaching reform agenda, and to initiate discussions with a wide range of South African and international leaders, including the National Party. He would serve as a bridge to all communities in South Africa, including business, white moderates, and Buthelezi. By taking the diplomatic offensive, opposition leaders hope Mandela could prevent Pretoria from using his release to score a propaganda victory. Opposition leaders, however, fear that Mandela's release would reduce international support for economic sanctions and diplomatic isolation of the South African Government. [REDACTED]

Despite the efforts of black leaders to prepare for his release, Mandela's own intentions are unclear. Although he probably would accept a decision by the ANC's leadership in exile and senior internal opposition leaders to launch a peace initiative, Mandela might argue against such a course. He is probably frustrated by the relative success of Pretoria's regional diplomatic offensive at the same time that it has increased repression domestically, and probably does not believe the government is prepared to negotiate seriously with legitimate black leaders. Mandela almost certainly recognizes that his release will provide the opposition a

one-time opportunity that must be capitalized on quickly. He would be discredited in the eyes of many blacks if he undertook a peace initiative that failed to produce early results. Mandela might therefore choose to confront the government directly and provoke his rearrest, thereby remaining a powerful symbol of resistance to the masses. [REDACTED]

Prospects

Despite wanting to resolve the issue, Pretoria is unlikely to risk alienating conservative whites by releasing Mandela prior to a national parliamentary election expected to be called later this year. Even over the longer term, Pretoria is unlikely to release Mandela unless it is convinced it can contain any resulting black moves toward political mobilization. [REDACTED]

The government fears a free Mandela because his actions and impact on the black community would be impossible to predict with accuracy. Mandela remains a mythical figure to millions of blacks, particularly to idealistic youth, and his release could prove the catalytic event that would spark a new wave of nationwide unrest. Mandela undoubtedly recognizes that he could anger many blacks if he attempts to present himself as the sole spokesman for the black majority or if he appears to be taking too moderate a line with Pretoria. Although he is the most popular black leader in South Africa, he represents only one political faction and can be only one voice at the negotiating table. Mandela's assassination—by rightwing or radical leftwing forces—almost certainly would increase black anger and frustration, leading to widespread violence, perhaps targeted against whites. [REDACTED]

A Case Study: Rugby Talks With the ANC

Supplementing its longstanding efforts to isolate white South Africa, the African National Congress (ANC) has recently begun a campaign of selective dialogue. For years the ANC has sought to isolate white South Africa through a variety of political measures, including lending support to the international sanctions campaign, championing cultural boycotts of South African musicians and artists, and promoting an international sports boycott of South African teams and athletes. A meeting last October in Harare between the ANC and South African rugby officials provides a case study of the ANC's new campaign: selective dialogue with Afrikaners. The ANC probably hopes its dual strategy of mixing isolation with dialogue will weaken white resolve, foster divisions in the white community, and increase ANC legitimacy.

The Setting

The rugby talks are the most important example to date of the ANC's campaign of selective dialogue. In July 1987, ANC officials met with a group of 50 white South African liberals in Dakar for a week-long session. A second, smaller meeting was held in Frankfurt last May. The ANC has also met at various times with white business, union, and church leaders.

The ANC has admitted that its efforts to isolate white South Africa have been counterproductive in some respects, and ANC officials have hinted that they may soften their support for the 24-year-old sports boycott. Ideally, the ANC would like to be in a position to dictate where the boycott would apply and where it might be relaxed. The officials have suggested that their new policy will be to cooperate with South African sports and cultural groups that reorganize themselves along nonracial lines. The ANC probably believes the Afrikaner's sports-mania is a potent lever with which to influence white South African attitudes. Indeed, rugby, an Afrikaner passion, has been referred to as "the soft underbelly of the Afrikaner psyche."

The Players

South African rugby officials initiated talks with the ANC in an effort to reenter international competition, preferably before the centenary celebration of the Transvaal Rugby Union this year. The chairman of the nonracial South African Rugby Board (SARB), Louis Luyt, met secretly with ANC officials twice to lay the groundwork for the Harare meeting last October. Luyt then convinced rugby czar Danie Craven, chairman of the racially divided South African Rugby Union (SARU), that a meeting with the ANC was for the good of South African rugby.

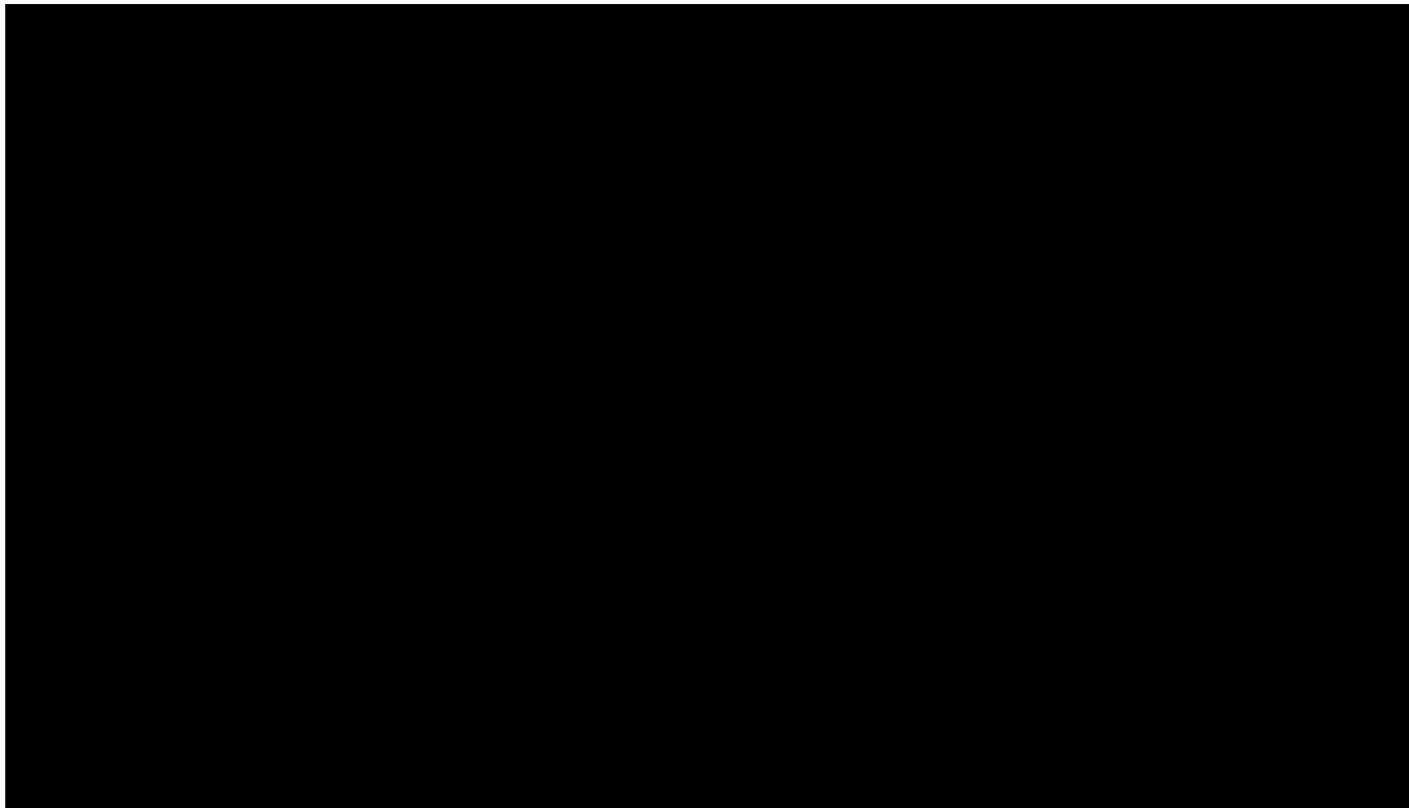
The ANC clearly valued the opportunity to meet with senior Afrikaner rugby officials. ANC representatives at the Harare meeting included Secretary General Alfred Nzo, Director of Publicity Thabo Mbeki, and Cultural Secretary Barbara Masakela.

Luyt may have had tacit approval from elements of the South African Government prior to the meeting in

especially Craven--may have believed that the Harare meeting had been approved at the highest levels in Pretoria.

The Match

The meeting in Harare appeared quite successful. Luyt and Craven reportedly agreed--subject to approval by their respective unions--to form a single, nonracial rugby union and promote nonracial rugby at all levels in exchange for ANC support of a lifting of the international boycott of South African rugby.



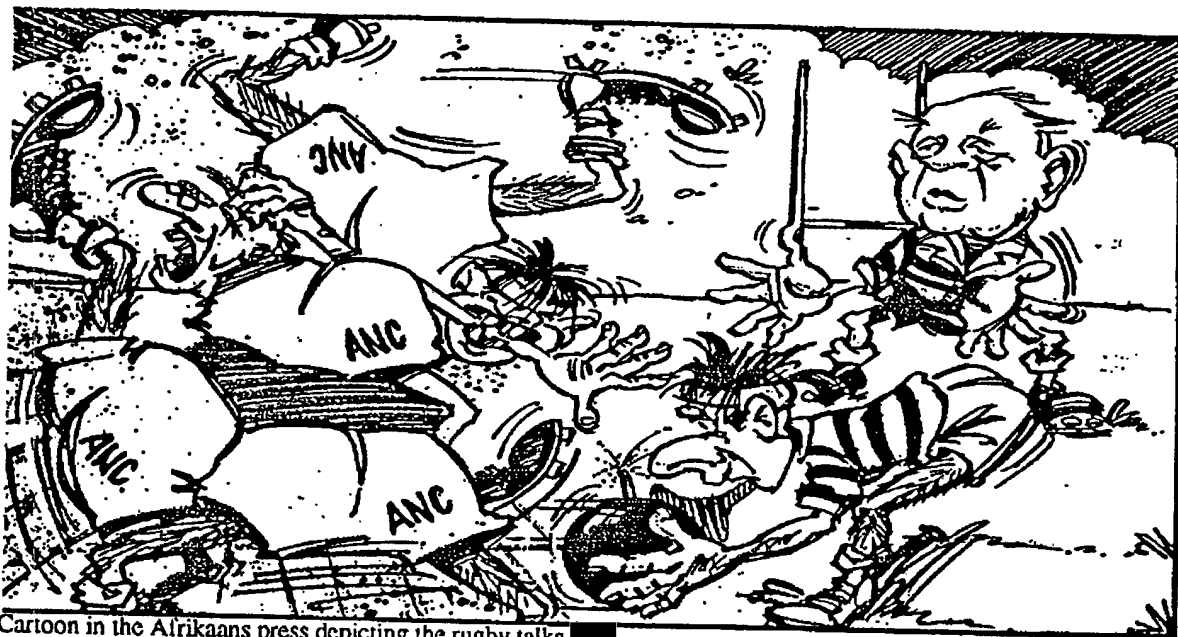
[REDACTED] Nzo reportedly felt that--regardless of the final outcome on the rugby issue--the ANC had achieved a coup by negotiating with influential Afrikaners. [REDACTED]

The Backtracking Begins

The Harare meeting attracted a storm of criticism, causing both the ANC and South African rugby officials to backtrack. Three days after the Harare meeting, ANC officials "clarified" their position. They denied that the rugby agreement had violated the international sports boycott and stressed that the rugby officials must first establish a single nonracial rugby union. The ANC officials added that only when nonracism is firmly rooted in South African rugby would they advocate relaxing the boycott. They backtracked further by suggesting that their preconditions would be difficult--if

not impossible--to meet in the absence of broader political change, harkening back to their earlier slogan "no normal sport in an abnormal society." [REDACTED]

Meanwhile, South African Government officials felt backed into a corner by Conservative Party criticism of the rugby talks just prior to nationwide municipal elections, and lambasted Craven and Luyt publicly for meeting with ANC "terrorists." In response to government pressure, Craven issued a public statement that his union would not meet again with the ANC. He did win support within the SARU, however, for the goals of a single nonracial rugby union and the elimination of sports apartheid. [REDACTED]



Cartoon in the Afrikaans press depicting the rugby talks.

ANC President Tambo was personally bitter about the rugby officials' decision to shun the ANC.

While privately admitting that the Harare meeting achieved progress, he felt that the rugby officials had used the ANC for their own purposes and dumped it when pressed by the South African Government.

Lessons Learned

A key lesson from the rugby talks is that tangential issues, such as the sports boycott, are difficult to resolve in isolation, suggesting that broader political agendas inevitably will intrude and frustrate compromise. The white rugby officials justified their talks with the ANC by claiming to have won important concessions from the group without jeopardizing white security. For its part, the ANC publicly responded that--in exchange for minor concessions by the antiapartheid opposition--the agreement would hasten the end of apartheid. The dynamics of such competing claims probably will be repeated in future ANC-Afrikaner talks on tangential issues.

Although crippled by backtracking from both parties, the rugby issue is not dead. Craven and Luyt are committed to regaining international status for South African rugby. Progress has been made toward the goal of a single nonracial rugby union, and white players generally appear willing to accept nonracialism as the price for international competition. Moreover, contrary to Craven's assurances to Pretoria, a report that an informal meeting between the ANC and a South African rugby official took place in London early last December.

Despite the difficulty of reaching compromise on tangential issues in the absence of serious negotiations on fundamental political questions, the rugby talks probably were useful. For its part, the ANC sees progress whenever it can engage in dialogue with Afrikaners. The rugby meeting and other ANC-Afrikaner talks provide each side an opportunity to put

~~Secret~~

forward its case to the other, and may encourage some white South Africans to begin seriously questioning South Africa's options. [REDACTED]

[REDACTED]

~~Secret~~

Economic Challenges

How Is Economic Policy Made?

The broad outlines of the economic policy apparatus in South Africa differ little from many other countries, including the United States. As in other aspects of South African public policy, however, the country's racial problems provide a unique context for economic decision making. In addition, President Botha's technocratic management style is imprinted on the economic policy process, creating a relatively fluid system that--for better or worse--can react quickly to domestic political or economic factors, or perceived external threats. [REDACTED]

Economic Policy in the South African Context
Pretoria's economic policy goals include nearly universal objectives: faster sustained real growth, lower inflation and unemployment rates, and improved national economic security. South Africa is also concerned over the country's balance of payments and foreign debts. Moreover, in common with many other African governments and the United Kingdom, Pretoria has committed itself publicly to privatization and economic deregulation to enhance economic efficiency. [REDACTED]

South African economic policymakers face income and regional distribution concerns that complicate economic policy selection, but--to some extent--these factors arise in other countries as well. For example, in its privatization efforts, Pretoria has encountered bureaucratic obstructionism similar to that found elsewhere, as civil servants move to protect jobs and other vested interests. South Africa's ruling National Party also is by no means unique in worrying about how interest rate hikes would affect its electoral support among debt-burdened farmers and consumers. Even Pretoria's fears about unchecked black urbanization find close parallels elsewhere, especially in other developing nations. [REDACTED]

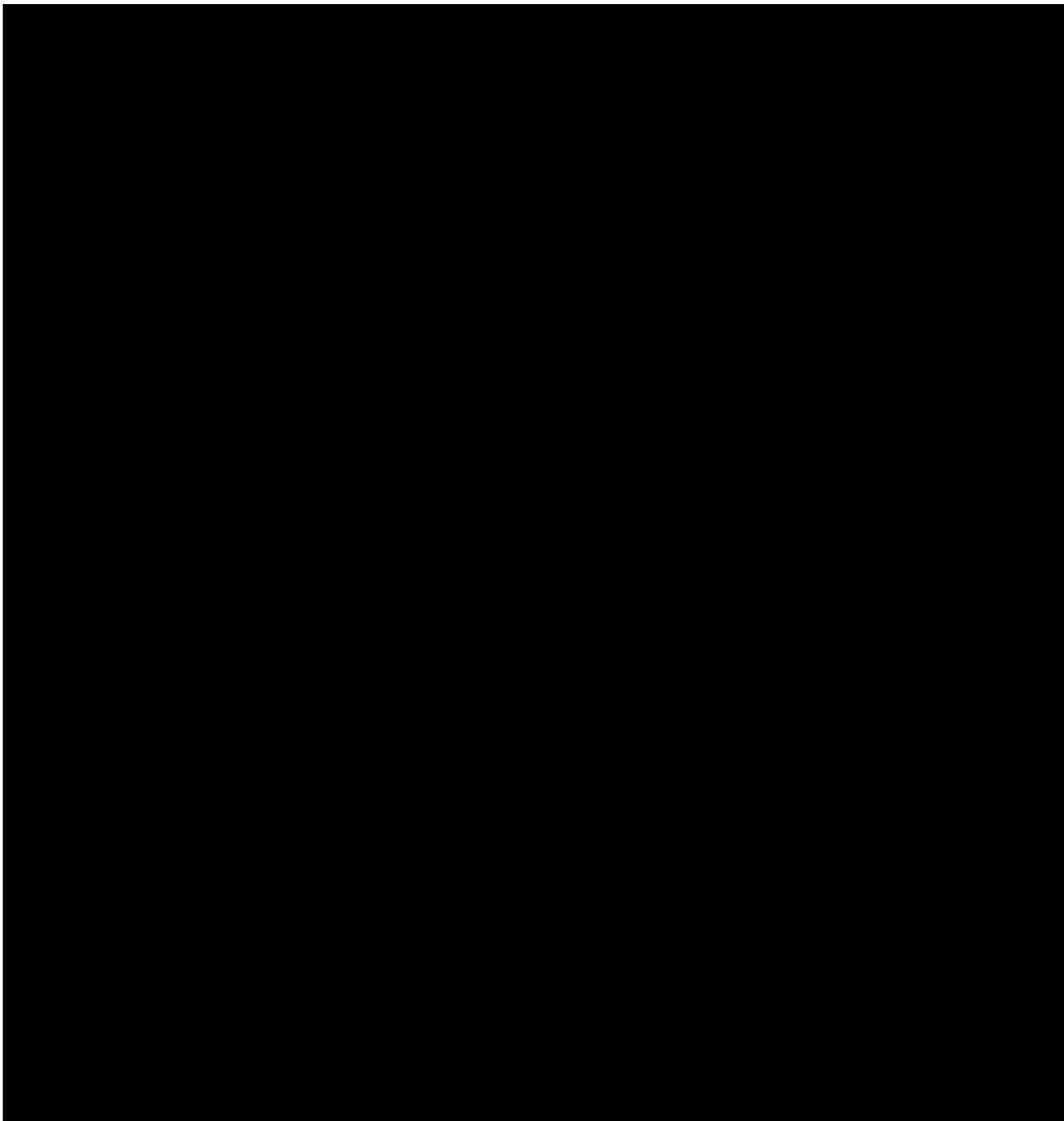
Despite similarities with economic policy issues in other countries, South Africa's racial problems provide a unique context for the economic decision making process. Economic policy historically has been used to advance white, and especially Afrikaner, interests to the disadvantage of the country's other racial groups. From 1948 to 1978, white interests were entrenched through an increasingly rigid and legally defined caste system. Since 1978, however, Pretoria has felt confident enough about the economic status of Afrikaners and whites in general--and worried enough about the rigidities of the system and waves of violent black protest--to begin a gradual relaxation of the restrictions on black economic advancement. A nascent white backlash to these economic reforms has guaranteed that economic policy making in South Africa is highly politicized. [REDACTED]

In addition to domestic political factors, related security considerations add to the unique context of economic decision making. Given South Africa's extensive preparations for Western economic sanctions and network of economic ties to neighboring states that give it considerable regional leverage, the overlap between economic and security policy is relatively large. [REDACTED]

Key Players

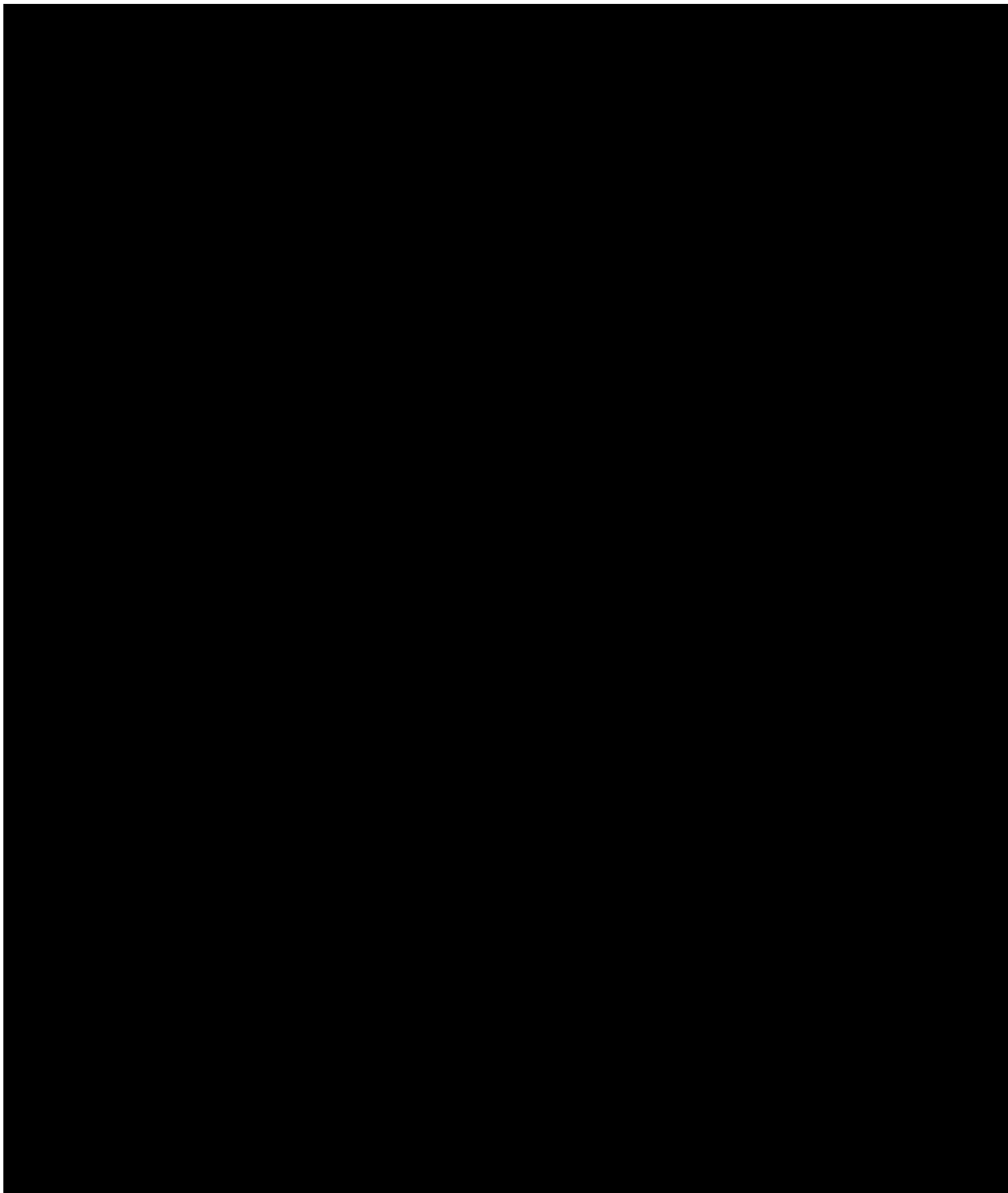
The three top macroeconomic policymakers, [REDACTED] are Gerhard de Kock, Barend du Plessis, and Chris Stals. All three hold leading economic policy jobs, serve on committees that shape aspects of economic policy, and have strong reputations that probably enhance their influence. [REDACTED] has argued that President Botha only becomes involved in economic matters as necessary to resolve policy disputes, especially those with high political content. [REDACTED]

~~Secret~~



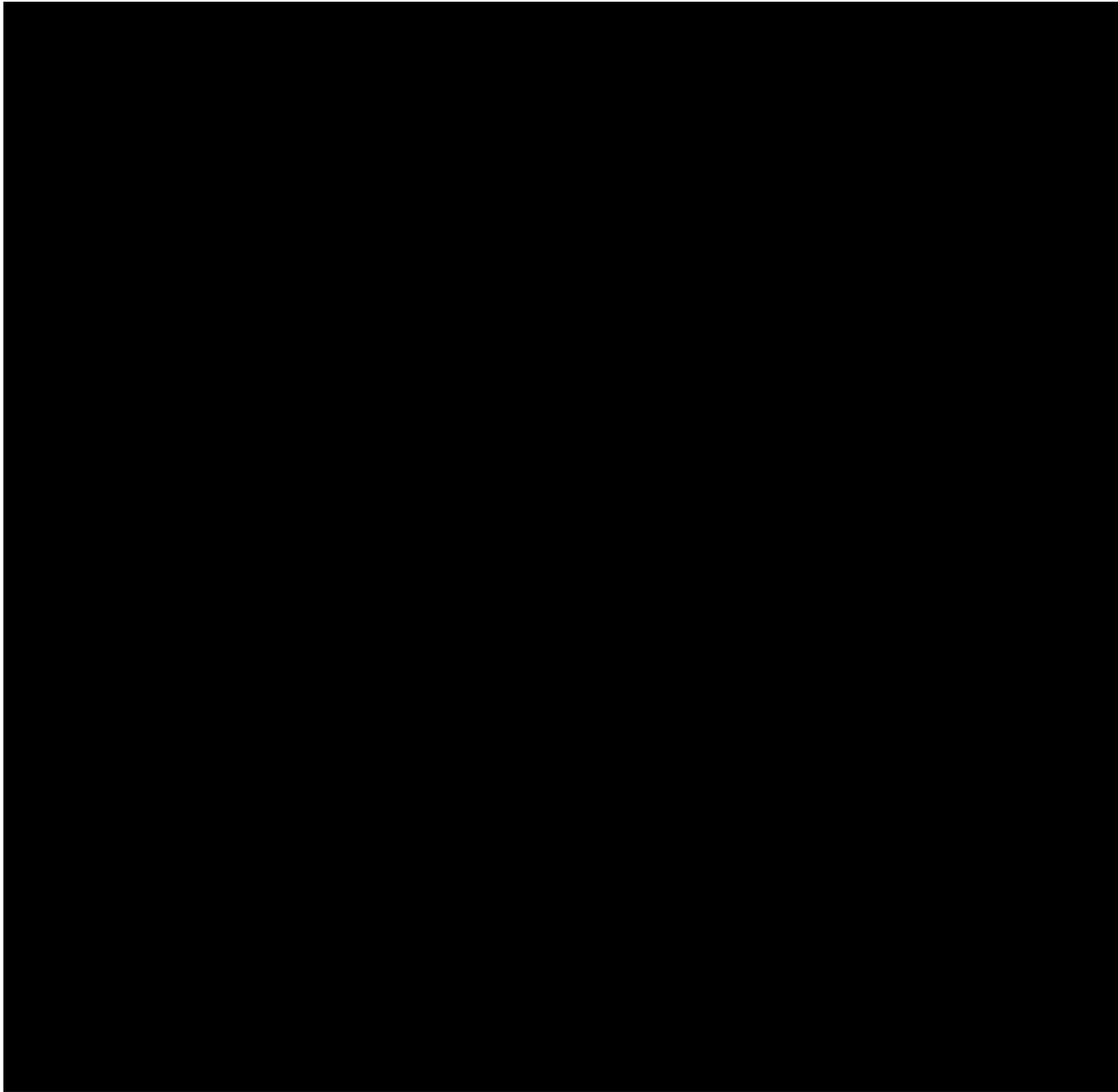
~~Secret~~

~~Secret~~



~~Secret~~

~~Secret~~



and consumers. Botha probably made the subsequent decision to allow a sharp interest rate hike shortly after the election. [REDACTED]

Dynamics of Economic Policy Process

We believe routine economic decisions--such as budget formulation or day-to-day adjustments to money, public

debt, or exchange rate policies--generally are made and approved by various economic committees, in some cases culminating in cabinet-level review. The budget process, for example, begins with broad multiyear targets set by the State President's Committee on

~~Secret~~

National Priorities. These targets are refined by Public Finance, which then makes specific yearly budgetary proposals that are reviewed by various budget committees, leading up to discussion and approval by the cabinet. Other committees guide and monitor actual spending over the course of the fiscal year, including overbudget spending. [REDACTED]

The economic policy process is relatively fluid, [REDACTED] and the patterns of even routine decisionmaking appear to vary in response to changing circumstances and personalities. This fluidity undoubtedly is more pronounced in the case of ad hoc decisions, such as the imposition of a unilateral debt moratorium in 1985 or sporadic changes in prime interest rates, where the initiative for a policy shift can come from any of several key individuals or committees. Botha's personal emphasis on technical expertise has added to the fluidity, as government economic analysts and outside experts often are tapped to assist or critique decisions, according to diplomatic sources. [REDACTED]

The more security-charged or political a particular economic decision, the more likely that the chain of economic committees and analysts will lead to the State Security Council, cabinet, or State President. [REDACTED]

[REDACTED] suggests that military leaders have a strong say in certain areas of economic policy making—the size and composition of the defense budget, for an obvious example. [REDACTED]

[REDACTED] potentially contentious issues often are handled by having high-ranking economic policy makers involved in the formulation of aspects of military policy, and by co-opting government and private economic analysts into military decision making on an ad hoc basis. In addition, diplomatic sources suggest that Botha has his own "kitchen cabinet" of economic advisers, including de Kock, government consultant Wim de Villiers, and leading Afrikaner businessman and economist Fred du Plessis. The widely varying views among these three advisers probably are partly responsible for some recent lurching of economic policy from side to side, as different individuals gain Botha's ear. [REDACTED]

Assessment

The fluidity of economic decision making in South Africa is a source of both strengths and weaknesses, in our view. For better or worse, policy can be adjusted relatively quickly in response to economic crises, domestic political developments, or external threats. So long as cool heads prevail, quick response can be advantageous, but a potential exists for dangerous overreaction to events. For example, Finance Director [REDACTED]

Impact of Western Economic Sanctions [REDACTED]

We doubt that even comprehensive Western economic sanctions would impose enough economic and political costs on South Africa to force Pretoria to alter its racial policies rapidly and fundamentally. Existing sanctions have had only a modest impact on the economy and a negligible effect on Pretoria's policies. South African exporters have managed to keep nongold sales from falling by tapping new markets for their goods, using innovative trading practices, and employing subterfuge to continue trading in prohibited markets. Indeed, largely as a result of higher gold prices and more domestic spending, the South African economy has experienced a moderate recovery in 1987 and 1988. [REDACTED]

Background to the Recent Sanctions

Pretoria has long faced economic sanctions intended to influence its domestic apartheid policies, as well as its occupation of Namibia. In 1962, for example, the UN General Assembly accepted a resolution recommending extensive economic sanctions. In 1973, the Arab members of OPEC imposed an oil embargo against South Africa that remains officially in force, and a mandatory arms embargo resolution was passed by the UN General Assembly in 1977. [REDACTED]

In the period from 1984 to 1987, unprecedented black protest against apartheid and resulting harsher government repression led some world leaders to support economic sanctions as a means of showing disapproval for South African policies. The United States, as well as the European Community, Nordic countries, Japan, and the Commonwealth nations imposed sanctions on South Africa in 1986. Motives for adopting sanctions undoubtedly varied, but some advocates probably hoped economic pressures that threatened white lifestyles would eventually compel Pretoria to end apartheid and negotiate a transition to majority rule. [REDACTED]

In addition to formal economic sanctions, the 1985-87 period was characterized by an intensification of de facto sanctions, such as consumer boycotts of South African products. Most important among the informal sanctions was the withdrawal of many foreign commercial credit lines from South Africa (the so-called "financial sanctions") that culminated in a unilateral moratorium by Pretoria in 1985 on most foreign debt principal repayments and subsequent agreements in 1986 and 1987 with major foreign commercial creditors to reschedule the repayments. [REDACTED]

Coping with the Sanctions

South African industries have been able to blunt roughly half of the theoretical financial impact of sanctions on export sales, [REDACTED] Most of the evasion has probably occurred legally, as exporters have shifted to new markets--specifically targeting China and Taiwan--and often have sold their products at a discount. In addition, Pretoria has promoted alternative trading schemes, such as barter and other forms of countertrade, to attract new buyers. [REDACTED]

We believe, [REDACTED] that South African businessmen have used subterfuge and exploited loopholes to preserve sanctions-affected Western markets for their goods. In some cases, businessmen probably have disguised the point of origin of goods and exported them through third countries, or relocated subsidiaries to neighboring states. [REDACTED]

Pretoria had honed mechanisms for subterfuge trade through years of grappling with embargoes on its purchases of crude oil and arms, and was well equipped to circumvent those few embargoes placed on sales to South Africa. For example, press reports indicate that

Provisions of the 1986-87 Economic Sanctions

Although a growing consensus in the international community led to the formal adoption of sanctions against South Africa in 1986-87, international support for specific measures often was mixed. The United States adopted and enforced a range of sanctions, but most other countries imposed less restrictive measures, issuing bans on only selected items or accepting only voluntary bans:

- *The United States adopted the Comprehensive Anti-Apartheid Act of 1986 (CAAA), which imposed restrictions on economic relations with South Africa. Some of these restrictions included: bans on the import of specified South African products such as coal, textiles, iron, steel, agricultural products, and gold coins; bans on most new investment in South Africa; restrictions on loans to the South African Government; and bans on the export of nuclear technology and materials.*
- *The European Community adopted a less stringent package of sanctions that included bans on the import of South African iron, steel, and gold coins. The European Community also asked member countries voluntarily to end new investments in South Africa.*
- *At the Commonwealth mini-summit in 1986, six countries (Australia, the Bahamas, Canada, India, Zambia, and Zimbabwe) adopted a package of sanctions that prohibited most new investments in South Africa, imports of South African agricultural products, and air links to South Africa. The United Kingdom, while implementing the weaker EC sanctions, has not accepted the Commonwealth sanctions.*
- *Denmark banned practically all trade in goods and services with South Africa in 1986.*
- *Sweden and Norway adopted similar restrictions in trade in 1987.*
- *Japan prohibited the import of gold coins and the sale of computers to the South African police and military 1986. In 1987, Japan implemented additional sanctions, including bans on the import of South African pig iron and certain types of finished steel. Despite its sanctions, Japan has become South Africa's leading trading partner. Tokyo's trade ministry has eased pressure on businesses to refrain from trading with South Africa. As a result, in 1988 Japan's trade with Pretoria increased 13 percent over the previous year's level. (C NF)*

Third World countries--particularly African states--have generally not addressed the issue of sanctions. In 1986, Presidents Kaunda of Zambia and Mugabe of Zimbabwe backed down on highly publicized commitments to impose sanctions. A principal determinant of the policies of neighboring states toward South Africa is their ties to its economy. Except for Zambia and Angola, most of South Africa's neighbors have failed to reduce significantly their dependence on it for trade and transportation. [REDACTED]

South Africa has used Malawi as a front to evade Denmark's total trade embargo. These reports claim that Danish exports of technical instruments to Malawi increased to more than 40 times their previous level following the trade ban. Sweden's total trade embargo also has been circumvented. Swedish firms have

continued to do business with South Africa through foreign subsidiaries, [REDACTED]
[REDACTED]

Net Impact of the Sanctions

Economic. Based on the sketchy data available to us-- and on forecasts by South African private and government economists--we believe sanctions, including debt repayments under the accords with foreign creditors, have trimmed about 1 percentage point from South Africa's real annual GDP growth potential through the early 1990s. Sanctions have slowed export growth, especially for nongold exports, which have remained essentially stagnant since 1986. We estimate that in the absence of sanctions, nongold exports would have grown by some 2.5 percent per year.

Largely as a result of higher gold prices and a recovery in domestic spending, the South African economy has had two relatively good years in 1987 and 1988 that have masked the economic impact of sanctions. Real GDP grew some 2.6 percent each year, up from about a 1-percent per year average over the previous five years. Foreign trade increased, with exports totaling some \$21 billion in 1987 and an estimated \$21 billion in 1988, compared with \$18 billion in 1986.

Nonetheless, despite their modest overall impact, trade sanctions have hurt some industries significantly. For example, export revenues for the South African coal industry have declined 21 percent during the last two years, in part because of sanctions, while textile exports fell by more than 4 percent and steel, iron, and aluminum exports declined only slightly.

Political. Economic sanctions have had minimal impact on South Africa's policies. Even after some 25 years of informal and formal sanctions, Pretoria continues to defy calls for an end to apartheid. We believe the government's domestic political concerns, particularly its determination to maintain white power, will continue to dictate its policies.

Most white South Africans regard Western economic sanctions as hypocritical and a form of betrayal. Sanctions undoubtedly have heightened a longstanding sense of isolation that reflects both South Africa's geographic distance from world centers and the anachronism of apartheid. Government officials are split on how to react to growing isolation. Some

denounce the West as dangerous and unreliable, while others follow a more moderate line and recognize the long-term costs of estrangement from the West,

Most black opposition leaders publicly support sanctions and many have urged additional Western measures since Pretoria's crackdown against the opposition last year. In private, however, some black leaders have expressed reservations about sanctions. Polling data suggest that most blacks support at least symbolic sanctions, but a majority become hesitant when black unemployment and economic hardships are seen as direct consequences. Despite these misgivings, most black political activists probably still favor international economic pressure against South Africa.

Outlook

Despite renewed calls for sanctions in some areas, Western governments appear reluctant to adopt additional economic pressure. In any case, the ability and willingness of Western nations to impose effectively a complete embargo on South Africa's exports is problematic. Roughly half of South Africa's annual export revenue comes from materials such as gold, diamonds, and strategic minerals. Their generic physical characteristics, high value-to-weight ratio, and use in metal alloys needed for defense systems make these items difficult to embargo.

In our view, sanctions alone are unlikely to force President Botha to undertake modifications of the country's racial policies that he would not otherwise make. South Africa's extensive and costly preparations for sanctions make it improbable that Pretoria would cave in to foreign economic pressure without first testing its ability to withstand comprehensive measures. Given the likely limits or even fairly comprehensive sanctions to cripple South African exports, Pretoria almost certainly will continue to formulate its policies without substantial regard for such international pressure.

Coping With a Fettered Economy

The South African economy is unlikely to average more than about 2.5 percent real growth per year over the next four years, given the need to repay foreign debt and likely slow growth of export earnings. We expect average income per capita to fall, black unemployment rates to rise, and Pretoria to face harsh budgetary choices between socioeconomic spending and security needs. The modest average economic growth performance is likely to reinforce the existing political impasse between black demands for full political participation and Pretoria's willingness to offer only limited apartheid reforms.

Recent Economic Performance

The South African economy has averaged only 1.5 percent real growth annually over the past eight years, down from an average of 3.4 percent per year in the 1970s. Growth rates have been whipsawed since 1980 by huge swings in the world price of gold--which accounts for some 40 percent of export earnings--as well as by a drop in world demand for other commodities and a prolonged drought in southern Africa. The world gold price hit an all-time high of over \$800 per ounce in January 1980, but since then has posted yearly averages ranging from under \$300 to over \$600. During the same period, South Africa's annual real economic "growth" has varied from a negative 2 percent to a positive 5 percent.

Policymakers have publicly admitted adding to the economic turmoil through errors of judgment. In 1983-84, South African officials fundamentally misread domestic economic and world gold price trends by underestimating the strength of the domestic recovery and overestimating world demand for gold. Once the policymakers realized the magnitude of the resulting current account deficit, they tried to protect the balance of payments by slowing economic growth to reduce imports. Interest rates were pushed up by 5 percentage points in less than eight months in 1984. The private banking sector reacted, however, by borrowing overseas

at relatively low rates, rather than by lending less. As a result, the current account deficit widened, and a crisis of confidence soon resulted that was exacerbated by a rising tide of violent political protest in the black townships. By September 1985, a run on the rand had forced Pretoria to declare a unilateral standstill on most foreign debt repayments and to retighten other controls on foreign capital repatriation. Pretoria, realizing that as an international pariah there was no easy recourse to IMF loans or formal multilateral debt reschedulings, approached its major commercial bank creditors and worked out two interim debt repayment accords. The more recent of these accords will expire next year.

Since the advent of South Africa's debt crisis--more aptly called a "liquidity crisis" because the ratio of debt to GDP was never excessive by international standards--Pretoria has sought to rebuild foreign and domestic investor confidence. Economic policy makers have credited tough government security measures, including crackdowns on press freedom to report on black unrest, with making it easier to restore confidence. An uncertain economic recovery began in 1986, only to lose steam in the face of widespread Western economic sanctions. The recovery did not gather significant momentum again until the fourth quarter of 1987. Moreover, even this growth spurt may have been short-lived. Based on the sketchy data available, we estimate that the economy did no better in 1988 than to match its 1987 real GDP growth rate of 2.6 percent.

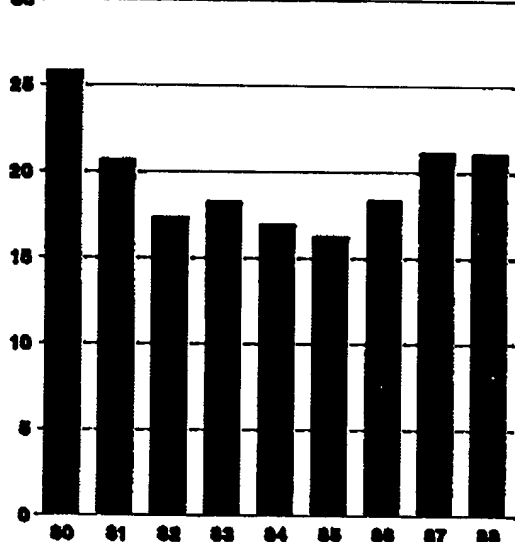
Economic Prospects

For the South African economy, growth prospects depend crucially on the amount of export proceeds that are left after meeting net foreign debt repayment obligations and other capital outflows. The Reserve Bank is likely to use part of the residual foreign currency earnings to rebuild relatively depleted foreign

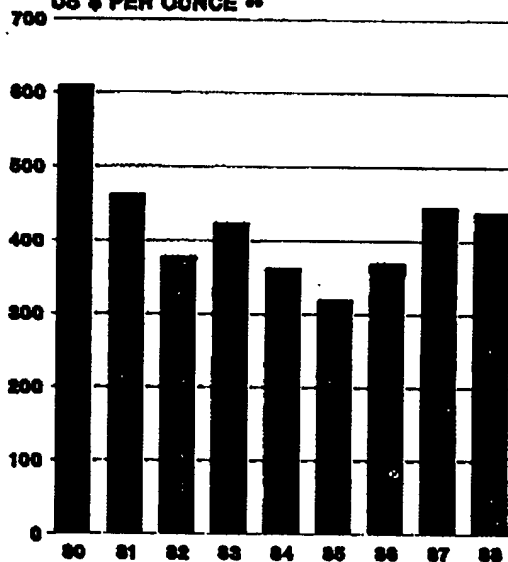
South Africa: Selected Economic Indicators, 1980-88*

EXPORTS

BILLION US \$

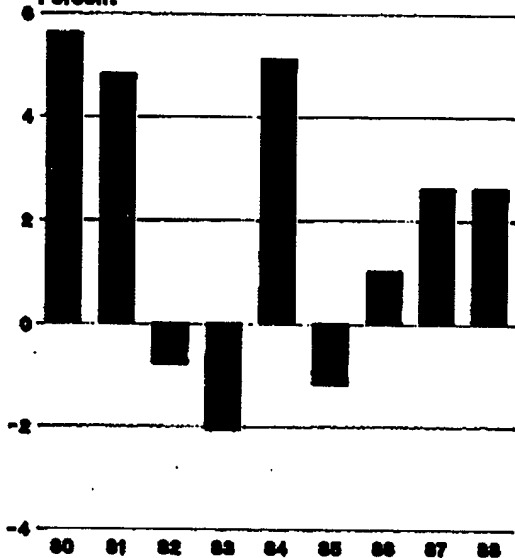


US \$ PER OUNCE **



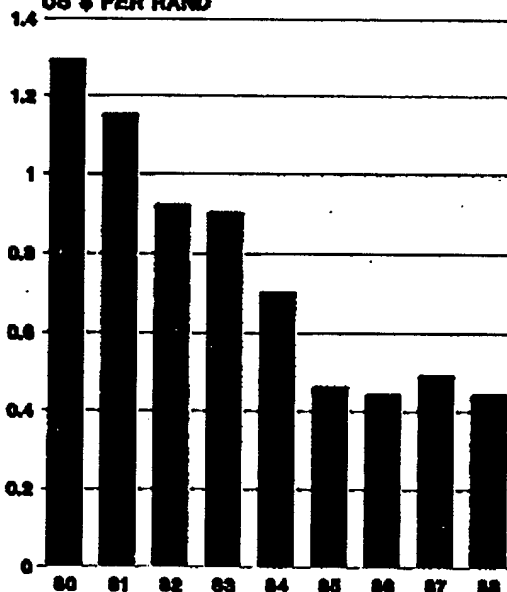
GROWTH OF REAL DOMESTIC PRODUCT

Percent



EXCHANGE RATE

US \$ PER RAND



* 1988 Data is Estimated

** London average daily fixing price

reserves, but the rest will be available to the economy for the purchase of physical capital and intermediary goods imports needed for economic expansion. [REDACTED]

End of the Mini-Boom. The recent more rapid economic recovery probably has become unsustainable as a result of stagnant export earnings. In particular, the gold price has failed to perform as well as was forecast early last year by some private South African economists, who argued publicly that it would top \$500 per ounce by the end of 1988. Although Pretoria has been slow to take strong corrective measures to cut growth and imports--probably because of the political costs of higher interest rates prior to nationwide municipal elections last October--the recovery has shown early signs of slowing. [REDACTED]

In a judgment that we share, most private and government economists in South Africa have forecast from 1 to 2 percent real GDP growth in 1989. These projections generally have assumed an average gold price of roughly \$450 per ounce, a normal rainfall year, and no major tightening of Western economic sanctions. Given the uncertainties surrounding these three key assumptions, the confidence level attached to the specific growth rates projected is fairly low. For example, a \$100 per ounce increase in the average gold price in 1989 would add \$2.2 billion, or 10 percent, to foreign currency earnings. [REDACTED]

Longer Term Economic Prospects. [REDACTED]

[REDACTED] we doubt that the South African economy will average more than 2.5 percent real GDP growth per year over the next four years. Our projection of economic growth potential parallels several that have been made by private and government economists in South Africa, [REDACTED]

[REDACTED] Our forecast assumes that the world gold price will increase only gradually in real terms. A significantly higher real gold price--that is, adjusted for changes in the value of the dollar and major commodities such as crude oil--would relax the balance of payments constraint and allow for more rapid growth. On the other hand, actual growth could be much less than 2.5 percent per year if South Africa suffers another

drought, gold fails to perform as well as anticipated, the world economy slows markedly, or comprehensive and mandatory UN sanctions are adopted. [REDACTED]

Political Impact of Slow Growth

Economic pressures are only one set of factors--and rarely the decisive one--that affect the South African political dynamic. Nevertheless, mediocre economic growth prospects over the next four years are likely to reinforce strongly the existing political impasse between whites and blacks by heightening competition for scarce jobs and economic resources. Based on recent trends in income distribution and employment, [REDACTED]

[REDACTED] that an average 2.5-percent real GDP growth rate over the next four years probably would have the following impact on key economic groups:

- White civil servants and unionized blacks would tend to make small gains in real wages, or at least break even.
- Other white, "colored" and Indian workers would lose some real income, on average.
- A growing black army of domestic servants, farm workers, other nonunionized laborers, and the unemployed would fall even farther behind.

Slow growth will tend to polarize South African society further by accelerating the drift of white voters to the right, slowing government socioeconomic spending on blacks, thwarting rapid black economic gains, and adding to tensions in the black townships. [REDACTED]

Accelerating the White Drift to the Right. Analyses of past voting trends suggest that whites who feel most vulnerable to economic competition from blacks--such as white miners, other blue-collar workers and some civil servants--are a key component of the rightwing vote. White elections in South Africa seldom are fought explicitly on economic issues, but declining average real incomes for whites undoubtedly have facilitated rightwing claims that Pretoria's limited apartheid reforms endanger white living standards. Conservative Party officials privately admit they could do more to exploit economic issues for electoral gain and claim that they increasingly will do so, [REDACTED]

Putting Another Brake on Socioeconomic Reform.

Pretoria probably would react to rightwing electoral gains and mediocre economic growth prospects with moves designed to insulate white living standards--to the extent possible--especially for key National Party constituents. For example, the government announced a 15-percent pay hike for civil servants before nationwide municipal elections last October. As a corollary to its moves to protect white living standards, the government is likely to cut socioeconomic spending programs aimed at the black community. Pretoria already has trimmed planned increases in spending for black education in the 1988-89 budget. [REDACTED] The government also is likely to acquiesce at least partially in Conservative Party efforts to stem the transfer of funds to black townships from white municipalities via the so-called regional services councils. [REDACTED]

Slowing Black Economic Gains. Mediocre economic growth and reductions in socioeconomic spending may thwart significant black economic advancement over the next four years. In a climate of declining white living standards and growing rightwing opposition, Pretoria is less likely to countenance other black economic gains and may move to limit the growing power of black labor unions. Some segments of the black population probably will continue to make economic gains even in the face of limited growth and efforts to fetter black unionism, but the pool of economically dispossessed blacks--the unemployed, domestic workers, hawkers, beggars, and marginal farmers--is likely to increase

faster than the cadre of middle-class and unionized blacks. We estimate-- [REDACTED]

[REDACTED] that some 1 million more blacks will be unemployed by the year 1994, and that the black unemployment rate will rise by roughly 5 percentage points to 35 percent nationwide. [REDACTED]

Keeping the Townships Tense. Although the causal link between economic performance and black political protest is at best tenuous, several major upsurges in domestic political violence have coincided with sharp economic downturns. Indeed, the economically based grievances of the black population--such as high rates of black unemployment and the poor quality of black education and housing--are intimately tied to broader black political demands. Mediocre economic growth and reduced funds for socioeconomic spending do not guarantee massive new upheavals in the black townships, but--in the absence of fundamental political change--they make government provocations more likely to trigger a violent response. Moreover, a significant new upsurge in violence probably would dampen domestic and international investor confidence. Economic and political instability might feed back into one another--as happened in 1984-86--and cause significant turmoil, but probably without becoming a threat to the regime. [REDACTED]

[REDACTED]

Regional Challenges

Pursuing Regional Objectives

The Brazzaville Accords on Cuban troop withdrawal from Angola and implementation of UN Resolution 435 on Namibian independence cap a turbulent five-year period in southern Africa and have complex ramifications for South African regional behavior. On the one hand, South Africa remains the predominant regional power and a gradual reduction in Cuban and Soviet involvement may give Pretoria increased latitude to exercise this role. On the other hand, unprecedented domestic unrest, increased attacks by the African National Congress (ANC), and stronger international pressure have deepened South Africa's isolation and heightened regional tensions. These new regional and international dynamics, however, have not altered Pretoria's basic approach to regional relations, which remains a two-track policy that mixes coercion and diplomacy.

Regional Roles

South Africa is, in the words of an official government media commentary, the "paramount regional power" in southern Africa, possessing the necessary economic, political, and military assets to maintain its position and serve its interests. The South Africans are proud of their military forces, which are not only larger, more efficient and better-trained than those of most neighboring states, but also, to a large extent, are self-sufficient in terms of basic equipment. South Africa's economic predominance is even more striking. Despite experiencing since 1980 the worst recession in 50 years and subsequent sluggish growth, South Africa retains economic power so great that its neighbors have little prospect over the next several years of significantly reducing their dependence in areas such as trade, transport, and employment for migrant labor.

In addition to its role as the unrivaled regional power, South Africa--because of its racially discriminatory policies--has been cast since the 1970s as the regional enemy. Expected Namibian independence late this year or next year will mark the culmination of a process of

southern African decolonization that has altered the political and security realities facing South Africa, making it the final target of the black independence struggle. Pretoria has long been aware that its political and social policies, almost universally condemned, provide a ready target for international criticism.

South Africa's status as the enemy of its black-ruled neighbors also has made it a survivalist state. Many white South Africans view preservation of white domination at home as necessary not only for their own survival in a hostile region, but also for the country's self-ascribed role as the guardian of civilized standards and norms in Africa. Moreover, the projection of Soviet and Cuban power into neighboring black-ruled states since the 1970s has convinced most white South Africans that their regional role is important to the East-West struggle--a conviction that may be reassessed in the wake of a Cuban troop withdrawal from Angola, but will not be easily abandoned as long as arms deliveries and support for insurgents remain prominent features of Soviet involvement in the region.

Regional Goals and Priorities

Pretoria's objectives in southern Africa reflect the preeminence of security concerns in its policymaking. In order of priority, the goals of South Africa's regional policy are:

- *Defeating the Guerrillas.* Pretoria at a minimum has sought its neighbors' cooperation in preventing military operations by antiregime insurgents of both the ANC and the smaller, less effective Pan-Africanist Congress. Ideally, Pretoria wants formal, bilateral security agreements that would compel its neighbors to banish these groups from their territories. Such concessions can sometimes be extracted as part of broader agreements. For example, closure of ANC military camps in Angola was part of the quid pro quo for Pretoria's agreement to independence for Namibia.

Pretoria's Foreign Policy Dogma

South African regional policy is based on several strong convictions about black Africa and the world--and the country's place in them--that are shared by most South African whites. These views, rooted in deeply held racist and Afrikaner nationalist beliefs and fears, underpin white resolve and have been reinforced continually by official and unofficial commentary on foreign affairs. Because of them, South African leaders have shaped foreign policy dogma primarily to justify the preservation of white power, privilege, and a governing system based on the principle of racial discrimination. [REDACTED]

Soviet-backed Revolutionary Onslaught

Many South African officials, at least until recently, have seen a Soviet hand behind virtually every challenge. A favored theme of Pretoria's Soviet demonology has long been an alleged "total onslaught"--a Communist-inspired military, political, and economic campaign against South Africa--that uses surrogate forces directed by Moscow in an attempt to isolate South Africa and deny its geostrategic position and resources to the West. For most South Africans, this threat has been confirmed by the presence not only of Cuban troops but of Soviet advisers and equipment in hostile neighboring states, as well as Soviet backing for antiapartheid insurgents. Although the removal of Cuban troops from Angola will reduce the urgency of the perceived threat, years of official anti-Soviet propaganda ensure that most whites will remain skeptical of Moscow's intentions. [REDACTED]

Moreover, in part to explain away domestic black unrest, Pretoria has recast the principal threat to South Africa as a "revolutionary onslaught." Allegedly spearheaded by the ANC--under the direction, in President Botha's words, of "Godless Communism and international terrorism"--the onslaught justifies both draconian internal security measures and an aggressive regional policy. South Africans regard the ANC's tactics--sabotage, guerrilla attacks, infiltration of domestic black groups to foment unrest, and refusal to renounce violence--and its close ties to the South African Communist Party as proof of a revolutionary strategy aimed at installing black majority rule. [REDACTED]

"Black Africa is Dying"

South African leaders delight in cataloging the failures of black-ruled African states--one-party politics, starvation, economic collapse, and civil war--which Pretoria attributes to the absence of what it insists is the civilizing influence of white, Western democratic values and the failure of African political systems to accommodate ethnic diversity. Denying that its views are racist, Pretoria argues that politically immature black states are victims of inappropriate foreign constitutions and ideologies--Marxism and socialism--that have left southern Africa in turmoil. [REDACTED]

A captive of its racial and ideological views, Pretoria discounts the possibility that an independent black state can succeed without white help. This attitude underlies Pretoria's seeming obsession with events in Zimbabwe, whose relatively good performance and prospects for stability and prosperity since independence in 1980 threaten South African dogma. Pretoria seizes every opportunity to highlight negative developments there--especially policy changes inimical to the interests of white Zimbabweans--as what it has called evidence that "the lights of democracy are [being] dimmed in yet another African state." [REDACTED]

Western Shortcomings

White South Africans are ambivalent toward the West. They identify with Western values and culture but resent what they claim is the West's hypocrisy and lack of understanding regarding South African racial and security policies. The Defense Minister has charged that the West, "plagued by post-colonial and racist guilt," is in league

with South Africa's enemies and perpetrates reverse racism and double standards. According to official government commentaries, for example, the West campaigns against international terrorism, but refuses to condemn the ANC; the United States has yet to "solve" its civil rights problem, but demands "instant" change in South Africa; and the United States trades with Communists, but imposes sanctions against South Africa. [REDACTED]

One South African columnist describes as "instinctive xenophobia and isolationism" the attitudes of many Afrikaners --probably including President Botha--who distrust Western commitment as much as Soviet intentions. Indeed, some whites now believe that the West is such an unreliable partner that South African interests might be better served by expanded contacts with Moscow. Convinced that South Africa is not sufficiently respected by the West as a regional power with legitimate security concerns, many in Pretoria manifest the same attitude expressed nearly 90 years ago by legendary Afrikaner statesman Paul Kruger: "Though we do our best to modernize, nobody understands us. Well then, if our best is not good enough for the West . . . we'll close down Africa." [REDACTED]

South Africa Has the Answers

A corollary to South Africa's world view is its confidence and almost messianic sense of obligation and mission in the region, resulting in a desire to force the world--including the Soviet Bloc as well as the West--to acknowledge its status. In the words of senior South African officials:

- "We are the strongest regional power."
- "We will not be prescribed to."
- "No solution for southern Africa is possible without South Africa's participation."
- "Distant countries . . . have nothing to offer."
- "South Africa gladly and willingly accepts the responsibility it has to assist southern Africa and to promote the economic progress of the subcontinent and to improve the quality of life of its people." [REDACTED]

• **Preserving Military and Economic Dominance.**

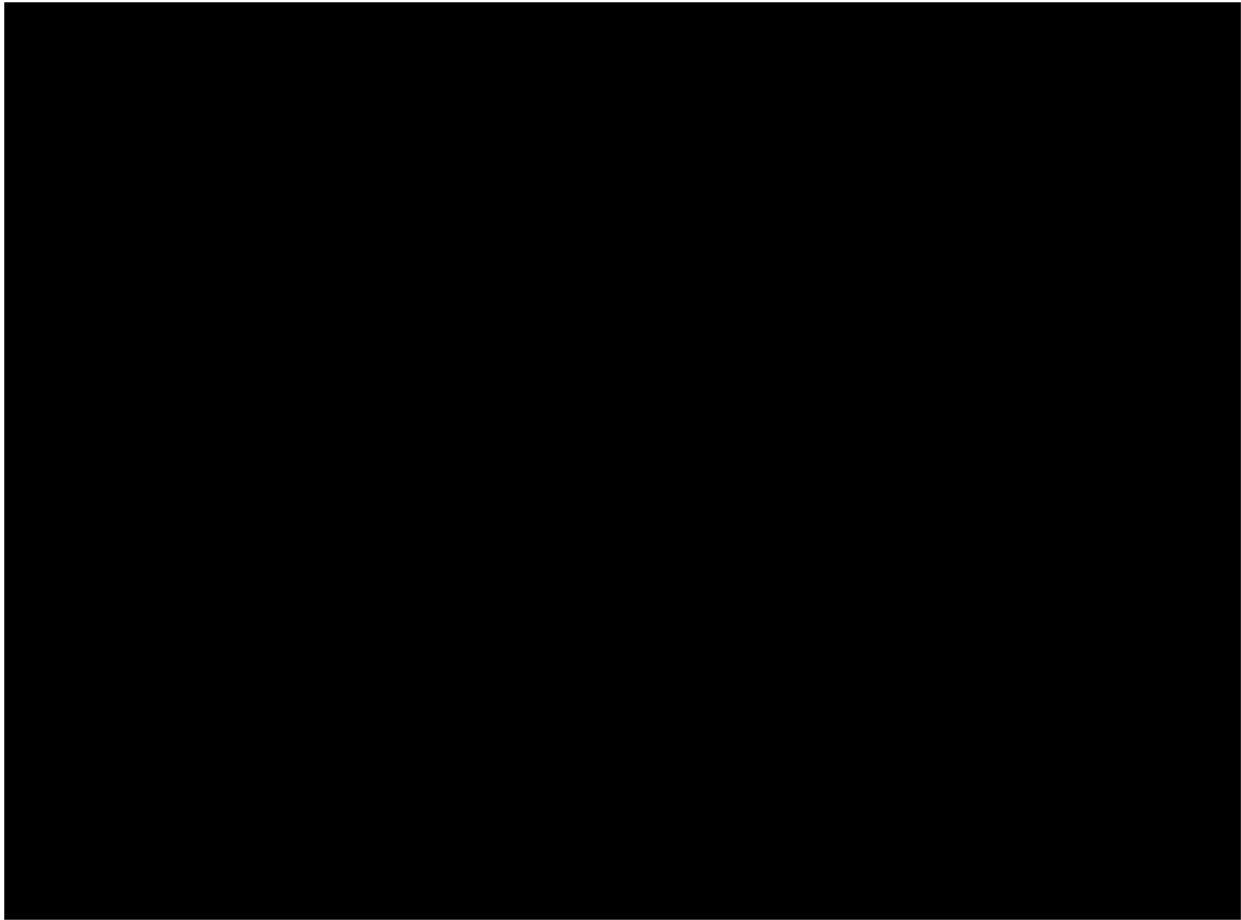
Pretoria has tried to maintain military superiority by opposing developments--including "superpower intervention"--that would limit South Africa's ability to protect itself from a conventional threat and project its force in the region. In addition, Pretoria has sought to engage its neighbors in mutually advantageous trade and other economic ties and to prevent any reduction in their economic dependence on South Africa.

- **Obtaining Political Acceptance.** Pretoria historically has wanted normal relations with its black-ruled neighbors, of which only Malawi has granted the regime formal diplomatic recognition. In addition, the South Africans have long sought to mold a formal, regional body of compliant states--such as the "constellation of states" idea first proposed by Prime Minister Vorster in 1975 and refined by now-President

Botha in 1978--that would serve as a nexus for Pretoria's regional security, economic, and political policies. [REDACTED]

Putting Policy Into Practice

Although the overwhelming majority of white South Africans agree on these regional goals, differences exist --even at the highest levels--over whether and when Pretoria should emphasize persuasive or coercive tactics to achieve them. South Africans who favor cooperation have long worried that bullying tactics risk hardening regional and international attitudes toward South Africa. Hardliners counter that regional conflict is inevitable, that economic and political cooperation only risks strengthening fundamentally hostile regimes, and that South Africa's power must be used both to be effective and to ensure that there is no ambiguity about Pretoria's determination. [REDACTED]



In practice, the South African Government has employed a two-track approach that often involves the simultaneous use of diplomacy and coercion. The dual approach has offered Pretoria flexibility in dealing with its neighbors because it keeps open the diplomatic option, as well as the opportunity to place the onus for conflict on others. This delicate balancing act, however, has failed to resolve the struggle between hardliners and moderates for control of the country's regional policy.

Competing for Control. The compartmenting of responsibility for the two regional policy tracks has contributed to the bureaucratic battle. Security is primarily the domain of Minister of Defense Magnus Malan and the South African Defense Force in

cooperation with the South African Police. The pursuit of regional economic and political goals is the main task of Foreign Minister Pik Botha and the Department of Foreign Affairs (DFA), often in consultation with other ministries.

The contrasting background and experience of leading members of the two groups has exacerbated mutual suspicions. For example, international postings have given DFA officers a broader, more sophisticated understanding of Western perceptions of South Africa and have stimulated them to consider alternative ways of protecting Pretoria's interests. Such attitudes have been viewed with distrust by the more insular South African security establishment, which often has simply

ignored the diplomats and acted on its own.

Cuban withdrawal from Angola. Similarly, debate occurred within the military leadership in 1986 over how Pretoria should respond to economic sanctions.

Moreover, we believe that senior civilian cabinet ministers, including the Foreign Minister, are not always informed of the military's sensitive, covert operational plans--such as for cross-border attacks--even after they are carried out. Such operations have a high potential for undermining DFA's credibility and causing serious regional and international repercussions.

President Botha and the State Security Council (SSC). In its rivalry with the DFA, the military has the advantage of a close relationship with President Botha. Important disputes regarding regional policy ultimately have been resolved by the autocratic Botha.

When Botha wants advice or approval for a course of action, he usually has looked to the SSC, an increasingly important cabinet committee in which senior military officers play key roles in controlling the agenda. In our judgment, the military's aggressive, hardline attitude toward the region generally--but not always--has set the tone for SSC decisions. Botha and civilian members of the SSC have overruled the military on rare but significant occasions, such as the decision in 1984 to sign the Nkomati Accord with Mozambique.

The military's predominance is sometimes undermined by a lack of unity on important issues. We believe that the military leadership split over an appropriate military response to Angolan developments in 1987 and 1988, including the large-scale Cuban deployments toward the Namibian border. For example, military leaders were badly divided over the politically motivated decision to announce--but not immediately to implement--a troop withdrawal from southeastern Angola in 1987. Subsequently, they probably also disagreed among themselves about the desirability and feasibility of a diplomatic rather than military response to Cuban moves and, most recently, over the adequacy of the terms of the settlement on

Pushing the Diplomatic Option. Since 1986, the DFA has sought, with increasing success, to regain its influence over regional policy from the military.

The DFA's prestige probably had reached a nadir in mid-1987 as a result of international isolation and the growing appeal of white rightwing parties that back the military's hard line, but senior DFA officials already were preparing to exploit quickly new opportunities to regain influence.

In our judgment, the DFA's strategy for a foreign policy comeback has been based on building support for an "Africa first" policy. The approach--grounded in Foreign Minister Botha's belief that Pretoria must gain acceptance in Africa before it can do so in the rest of the world--has consisted of proposing economic initiatives toward the region and attempting to foster a popular image of South Africa as a responsible and essential partner rather than a destabilizing force. Satisfactory resolution of the talks on Angola and Namibia has boosted this strategy and given DFA new opportunities to pursue contacts with black African leaders. The strategy also involves mending fences with the military, however, by adopting a similarly hard public and private line on security. This tough line has included demanding security concessions from neighboring states, such as Botswana, in return for other forms of cooperation.

The DFA strategy has benefited from aggressive new leadership since 1986. Director-General Van Heerden is respected by the security establishment, according to the US Embassy, and DFA officers have told our Embassy that in some cases working level relations with the military have improved. In addition, the Embassy has noted better morale within the DFA recently, especially among younger officers. The Africa section is now the largest.

~~Secret~~

[REDACTED]

Outlook

The successful negotiations in Brazzaville on implementation of UN Resolution 435 and Cuban troop withdrawal from Angola--as well as a renewed rapprochement with Mozambique--have raised the DFA's influence considerably for the moment, in our judgment. The comparative strengths of Pretoria's coercive and diplomatic regional policy arms, however, will continue to shift back and forth with changes in domestic political realities, the relative effectiveness of top military and diplomatic leadership, and the response of neighboring states to South African initiatives, especially once Namibia gains independence. [REDACTED]

Over the long haul, the attitudes and policies of Pretoria, its neighbors, and the ANC are a recipe for continued regional conflict, and almost guarantee that the security

services will, on balance, have the dominant say in South Africa's regional policies. Pretoria's apartheid policies will remain the fundamental obstacle to lasting regional detente. So long as a white minority continues to dominate the South African Government, we foresee no change in Pretoria's fundamental regional objectives or in its neighbors' continued defiance. Thus, even though the Brazzaville Accords may bolster the influence of the DFA and its Africa first policy, the region will continue to experience tension and turbulence as cross-border violence ebbs and flows, driven by ANC attacks and South African retaliation and preemption. [REDACTED]

[REDACTED]

~~Secret~~

~~Secret~~

The Military--The Next Mission

Pretoria's signing last year of the Brazzaville Accords that call for Cuban troop withdrawal from Angola and independence for Namibia has caused its professional soldiers, policymakers, and private citizens to review the mission and capabilities of the South African military. Following the end of its direct involvement in the Angolan civil war, Havana's deployment of a large and sophisticated force near the border with Namibia exposed tactical vulnerabilities and limitations in the South African Defense Force (SADF) that military planners will mark as priorities to redress even after Cuban troops have completed their phased withdrawal from Angola. Military leaders will also reexamine their role in policymaking and strategic planning to try to ensure that their influence does not diminish. South Africa's hesitant response to fast-moving events revealed strains and conflicts in the decisionmaking apparatus. Moreover, Pretoria not only underestimated the threat and political resolve posed by Cuban forces, but also underestimated the domestic constraints imposed by a lack of will needed to prosecute a war that threatened to escalate white casualties and other costs.

Daunted If Undeclared

South Africa was not defeated on the battlefield, but for the first time in modern history its leadership was unnerved by the prospect of a well armed adversary able to inflict serious casualties on South African forces in conventional warfare. In our view, military considerations weighed most heavily in Pretoria's decision to negotiate the Brazzaville accords. At the peak of its involvement in late 1987 and early 1988, South Africa may have committed more than 5,000 troops to southern Angola. Pretoria provided aerial and artillery support to UNITA in addition to crucial logistic aid such as fuel and medical supplies.

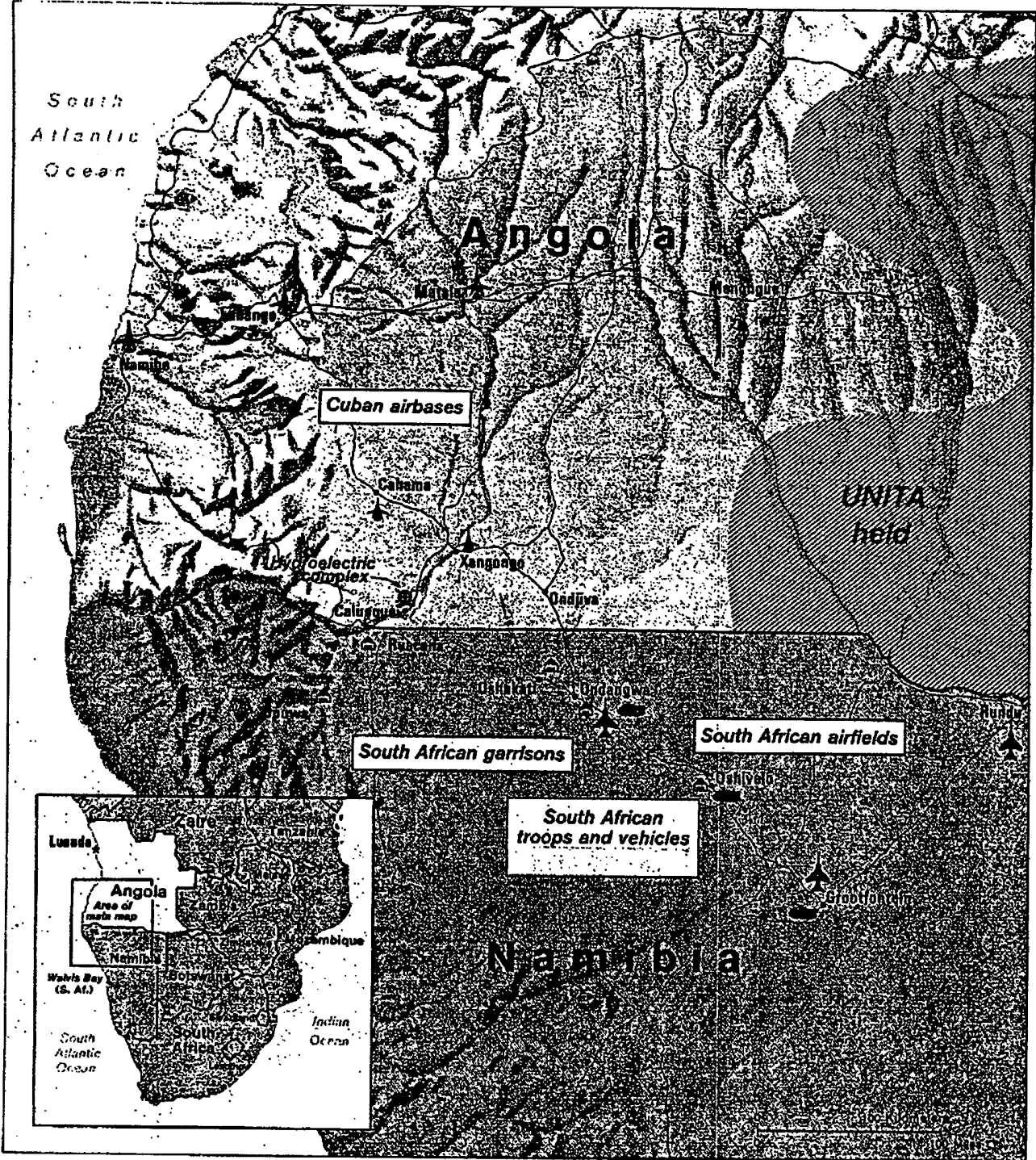
By March and April of last year Pretoria was faced with the prospect of its troops becoming bogged down in the fighting. In early May, Havana's tactics--involving the movement of nearly 18,000 men with 500 tanks, and the

construction of several airbases well within range of the Namibian border--began restricting South Africa's ability to operate in southwestern Angola. Having caught Pretoria off guard, the Cubans continued moving south, pushing the SADF back into Namibia in July and, in our judgment, causing President Botha and his senior advisers to accept reluctantly the idea of negotiating Namibian independence in exchange for Cuban troop withdrawal.

On the other hand, the SADF also learned several hard lessons from its Angolan intervention. The Air Force's inability or unwillingness to challenge MIG aircraft incursions from southwestern Angola into Namibian airspace, and Cuba's sobering display of air power in striking the Calueque Dam, exposed air defense as a soft flank in Pretoria's protective laager. Other military branches criticized the Air Force for its reluctance to support some ground combat operations in Angola. Moreover, the international arms embargo operationally handicapped the South African Air Force by hampering its ability to replace lost aircraft or procure sophisticated antiaircraft defense systems.

~~Secret~~

ALA R 89-002
20 January 1989



South African forces, while well trained, suffered from poor morale both in Angola and Namibia. Low morale among South African pilots, who regard themselves as underpaid, and their increasing attrition as many opt for private sector jobs, exacerbated the Air Force's predicament. [REDACTED] Moreover, [REDACTED] were needed to maintain battle alertness as fighting alongside UNITA forces around Cuito Cuanavale intensified. South Africa's decision in August to withdraw from Angola and proceed with negotiations for Cuban troop withdrawal and Namibian independence compounded morale problems, particularly among junior officers eager to prove themselves in combat and senior officers who had prepared ambitious contingency plans for attacking and dislocating the Cuban forces near the Namibian border. These hawks argued that the diplomats were giving away Namibia, and that consequently the next war would be fought on South Africa's border. [REDACTED]

Losing the Battle at Home

In addition to low morale among its troops, the SADF for the first time faced some ambivalence at home. The SADF has historically enjoyed almost unquestioned white public support, which translated into direct political influence and clout for large defense budgets, even during financially troubled times. Military leaders probably are now concerned that the growth of antiwar sentiment--which has been directed mainly at the leadership of the ruling National Party--could give way to a pervasive distrust of the defense forces. The military may also worry that public confidence in its ability may be eroded by perceptions that Namibian whites are being abandoned and that the SADF backed down from the Cubans. Rightwing challengers are likely to seize on these issues as a national election campaign gets under way sometime later this year, as a Namibian election and a probable SWAPO victory approaches, and as time diminishes public anxiety over the prospects of military escalation and more white casualties. [REDACTED]

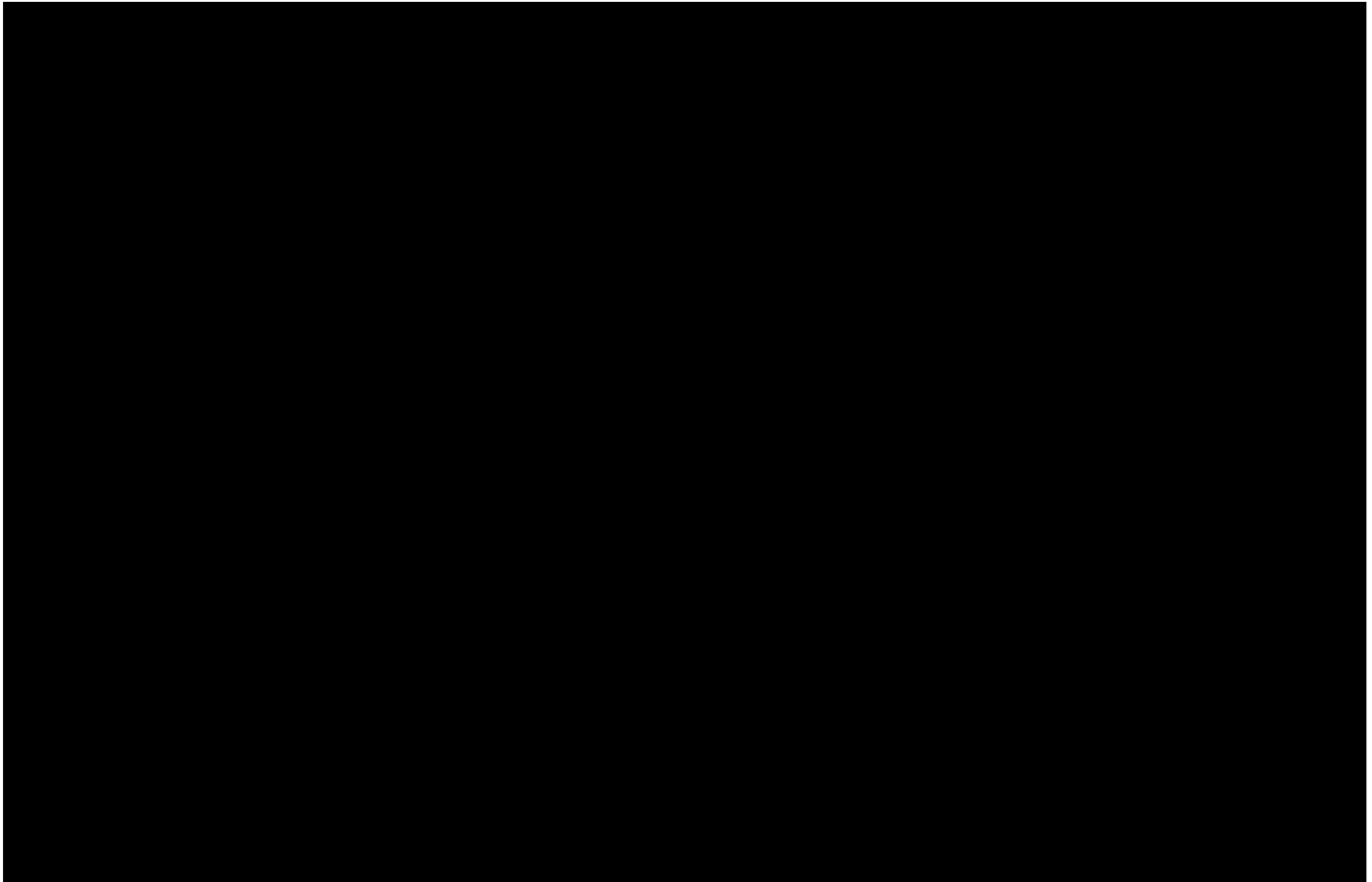
As the seemingly unwinnable war in Angola dragged on, white South African soldiers were being killed in increasing numbers, even though seasoned black soldiers did most of the fighting. Many citizens

believed that losses were actually much higher than reported, and no mention was ever made of the number wounded. In response to growing public apprehension, the SADF released some details of its involvement in Angola in April 1988. In late May, however, persistent rumors that hundreds of white casualties had been concealed from the public compelled Defense Minister Malan to address the white House of Assembly. Malan reported on the number of white South African casualties--about 70 in the last year--and tried to taint those questioning the war as unpatriotic. Nonetheless, contrary to the government's insistence that the Army had completely withdrawn from southeastern Angola, rumors spread in June that a large South African contingent had been surrounded and cut off in Cuito Cuanavale. Also indicative of a changing climate, members of the small but vocal End Conscription Campaign began criticizing the war in Angola in addition to military service in South Africa's black townships; the group was subsequently banned. [REDACTED]

The drop in public support at home may have partly accounted for Pretoria's slow reaction to events. Even after Pretoria was clearly aware of the magnitude of Cuban deployments, its response was ambivalent and phlegmatic. For example, we believe the very limited callup of reserves in June reflected Pretoria's desires to send a message to the Cubans yet remain sensitive to a white population already feeling burdened by its time and financial commitments to serving in the citizen force. Furthermore, while Pretoria must have anticipated retaliation for its aggressive patrolling in southwestern Angola and shelling of Cuban positions at Chipa in late June, it was apparently unprepared for the Cuban counterstrike at Calucque and later ordered its forces only to act defensively. [REDACTED]

[REDACTED] also showed that Pretoria was

In retrospect, although the views of more cautious military leaders, such as Chief of the Defense Force Geldenhuys, ultimately prevailed, Pretoria's response to the Cuban challenge suggests there was confusion among decisionmakers. [REDACTED]



Losing Arrows From the Quiver

Pretoria will be the unrivaled regional power once the Cubans depart. [REDACTED] the SADF recently concluded that the Frontline States would increase their military capabilities in the 1990s to protect themselves from South African cross-border attacks, but their armies would remain primarily defensive and lightly armed. [REDACTED]

Although South Africa probably will face no conventional threat in the near future, its withdrawal from Angola and its acceptance of Namibian independence present the SADF with several political, strategic, and operational challenges. In Namibia, for example, Mpacha airfield at the tip of the Caprivi strip has extended the South African Air Force's range well

into central Africa. The loss of this airfield and the base for the Caprivi or 701 battalion--whose members speak the same language widely used in western Zambia--will remove a forward staging base and intelligence-gathering tool from South Africa's arsenal. [REDACTED]

By withdrawing from Angola, the SADF has relinquished an important training arena for young officers. Similarly, the increasingly export-oriented South African arms industry has profited from a reputation for producing equipment that has been tested under fire in the field. Furthermore, without the excitement of actual combat to compensate for the stress of flying aging aircraft, the already high attrition rate for South African pilots may increase. [REDACTED]

~~Secret~~

For over a decade, Pretoria has tried to use its relationship with UNITA to gain greater political and military access to the West. Although we believe South Africa will continue to give UNITA financial assistance and limited technical aid, Namibian independence will require Pretoria to dramatically scale down its program. As a result, we believe that Pretoria's influence over UNITA is likely to decrease along with its intelligence collection on Angola, giving South Africa less ability to court the West. [REDACTED]

Outlook--The Next Mission

The SADF leadership almost certainly sees its next mission as one of honing its slightly dulled influence, prestige and readiness. Its first battle is likely to entail a domestic bureaucratic struggle to preserve as much of the military budget as possible in the face of expectations that South Africa will save up to \$500 million per year in military outlays through its withdrawal from Namibia. Military leaders probably will claim that imminent Namibian independence necessitates rapid construction of new defensive installations along the Orange River and other frontier positions in South Africa. [REDACTED]

In the longer term, military leaders probably will push hard for offensive prestige projects, both to deter potential aggressors and reassure white South Africans, who, while generally admiring their military, may have lost some faith in its invincibility. Concerns over air defense will not abate completely with the Cuban troop withdrawal, and the military is likely to press for increased funds toward research on an advanced jet fighter. Rumors that Zimbabwe is shopping for high performance aircraft, perhaps MIG 29s, will reinforce the SADF's desire to upgrade its air forces. [REDACTED]

[REDACTED]

The SADF probably will employ other means of sending its message of strength to white and black South Africans, neighboring states, and the international community. The military, once reluctant to use its forces to serve as policemen for South Africa's black townships, may enthusiastically pursue a "hearts and minds campaign" by upgrading township facilities. At the same time, the SADF may devote more effort to its counterinsurgency program and launch more cross-border raids against the African National Congress, sensing that the exiled organization will be off balance as it relocates from training bases in Angola. Finally, if unanticipated events--such as a reversal of the Cuban troop withdrawal process--force South Africa to demonstrate conclusively that it has sharper arrows remaining in its quiver, Pretoria may authorize a nuclear test, which we judge South Africa could conduct any time it made a political decision to proceed. [REDACTED]

[REDACTED]

~~Secret~~

Fighting International Isolation

South Africa has made some progress in recent months toward its dual foreign policy goals of gaining acceptance and cooperation in the region and fighting international isolation and economic sanctions. Pretoria has deftly taken advantage of goodwill surrounding its signing of the Brazzaville Accords with Angola and Cuba--and to a lesser extent its warming relations with Mozambique--to convince many foreign and even some domestic critics that it has abandoned its abrasive, destabilizing regional policies to become a good neighbor. Some observers have even concluded that Pretoria's regional moves presage significant apartheid reforms at home. We believe, however, that the fundamentals of South Africa's regional policy remain intact and that Pretoria's increasingly authoritarian approach to domestic opposition and commitment to unfettered white control of government remain unshaken.

Africa First

Establishing a foothold of acceptance and legitimacy in Africa as a stepping stone to broader acceptance in the international community is a cornerstone of South Africa's foreign policy. Pretoria uses persuasive and coercive methods--alternately or at times simultaneously--to gain or force acceptance, or at least cooperation, among its neighbors.

Pretoria currently is emphasizing diplomatic initiatives and economic inducements over destabilization tactics in its regional policy. South African propaganda is stressing "Africa for Africans"--a new label for an old policy--which calls for African solutions to African problems. It is designed to limit superpower involvement in the region, emphasize regional economic interdependence, and underscore Pretoria's regional hegemony.

The Brazzaville Breakthrough

Pretoria's agreement to implement UN Resolution 435 on Namibian independence was prompted by the mounting costs of military operations in Angola and

Namibia. In the past, President Botha and the military steadfastly opposed the UN plan, largely because of the security implications of a hostile government in Windhoek led by the South-West Africa People's Organization (SWAPO). The augmentation of Cuban forces in southern Angola and a domestic backlash against white South African casualties led Pretoria to accept a negotiated compromise. Botha apparently calculates that the accord is in South African interests and that Pretoria will have adequate military and economic levers against even a SWAPO-led Namibian government.

Pretoria has made the Brazzaville Accords the centerpiece of a carefully orchestrated effort to improve South Africa's international image and further longstanding policy goals. A rapid series of visits late last year by Botha to several African capitals--as well as West Germany, Switzerland, and Portugal--improved his image in South Africa and fostered hopes that South Africa was moderating its posture in the region.

Diplomatic Offensive

Botha's summit with Mozambican President Chissano in September fueled hopes for a broad regional rapprochement. South African propaganda linked warming relations with Mozambique to developments on Angola-Namibia as evidence of a new era in the region. The Botha-Chissano meeting, however, was the culmination of a yearlong effort by both Pretoria and Maputo to improve relations and the Angola-Namibia talks probably had no significant effect on the timing of the summit.

Pretoria undoubtedly attributes the current state of relations with Maputo to the effectiveness of its policy of combining military pressures and economic inducements to gain acceptance in the region. It has increased its diplomatic and economic leverage over Mozambique without significantly limiting its military

options. Despite its assurances to Maputo, we believe Pretoria continues low-level covert assistance to Mozambique's RENAMO insurgents. Meanwhile, South Africa can point to regular liaison with a staunch member of the Frontline States in its efforts to pressure other countries for improved relations. [REDACTED]

A period of relative calm in southern Africa--as all parties sought to avoid sabotaging progress in Angola and Mozambique--fostered the impression that regional tensions were dissolving. The Frontline States toned down their rhetoric against South Africa, and Pretoria, for its part, avoided large-scale cross-border raids against the African National Congress (ANC) despite an intensified ANC bombing campaign inside South Africa. Pretoria continued to conduct operations against the ANC--in Botswana, Zambia, Mozambique, and Swaziland--but generally opted for covert operations rather than more visible overt strikes. [REDACTED]

Pretoria took advantage of decreased tensions to improve ties to African countries that already were willing to deal with South Africa. Malawian President Banda--the only African leader who maintains formal diplomatic relations with Pretoria--consented to a summit with Botha in September, and Zairian President Mobutu, who maintains quiet but close contacts with Pretoria, agreed to a summit in October. Similarly, Ivorian President Houphouet-Boigny agreed to a low-key meeting with Botha following his swing through Europe. [REDACTED]

Hopes for a fundamental change in South African attitudes prompted some African leaders who normally eschew relations with Pretoria to become more conciliatory. Zambian President Kaunda, who reportedly considered the Angola-Namibia negotiations a rare opportunity to resolve the Angolan conflict and gain Namibian independence, has considered arranging a confidential meeting with Botha. [REDACTED]

High Hurdles

Pretoria's efforts have not fared as well in Gaborone and Harare. Botswanan President Masire and Zimbabwean President Mugabe apparently do not believe that South Africa intends to change its policies significantly. [REDACTED]

South African propaganda recently cited growing concern among security officials about what they characterize as a growing ANC presence in Zimbabwe, but Pretoria continues to cite Botswana as the main infiltration route for the ANC. After intense South African pressure for a broadening of formal ties, Gaborone last month agreed to regular meetings on security issues and working-level exchanges on ANC activities in Botswana but held firm against a formal security pact. [REDACTED]

The bulk of African countries remain wary of South Africa's intentions. Many criticized Mobutu and Houphouet-Boigny for breaking African solidarity [REDACTED]

Repackaging Reform

Pretoria has tried to maintain momentum in its diplomatic offensive by casting domestic events in a favorable light. For example, Pretoria boosted hopes that its reform program is alive by delaying legislation that would enforce racial discrimination more harshly. After international calls for leniency, Botha commuted the death sentences of the Sharpeville Six and hinted that Nelson Mandela may be released--a key precondition of many blacks to participation in Pretoria's scheme to negotiate limited black

power-sharing. Several other, less prominent prisoners have already been released, but were immediately placed under severe restrictions that prevent political activity. [REDACTED]

Outlook

We believe Pretoria's new look reflects a temporary shift to more sophisticated, subtle tactics rather than a major change in its long-term goals, and there are clear limits to its commitment to this tack. Pretoria will not jeopardize its long term security interests or take steps to weaken white control of the government. [REDACTED]

Of all its recent moves, South Africa has limited its flexibility only in the US-brokered talks on Angola-Namibia. Most senior officials probably recognize that international expectations now preclude any move to sabotage the settlement. [REDACTED]

South Africa will continue to respond positively to African states that adopt more conciliatory policies. Nevertheless, Pretoria recognizes that its relations with African states could just as easily deteriorate, particularly if it decides to launch a large cross-border operation against ANC facilities in neighboring countries. A destructive ANC bombing inside South Africa could lead Pretoria to undertake such a raid, even at the cost of reversing the recent easing of tensions in the region. [REDACTED]

Some officials in Pretoria probably already believe the diplomatic offensive has run its course. Pretoria will try to reap maximum gains from its agreement on Namibian independence and rapprochement with Mozambique, but it will be unable to prolong the atmosphere of goodwill indefinitely unless it offers its critics something new. Other African states, [REDACTED] which already are willing to deal with South Africa on a limited basis, may agree to high-level meetings with Pretoria, but neither Zimbabwe nor Botswana is likely to change its policies toward South Africa in the foreseeable future. [REDACTED]

Pretoria already has raised expectations in the international community that the tentative signs of moderation late last year reflect a renewed commitment to apartheid reform. In the near term, the government will probably try to forge ahead with its scheme to bring blacks into a limited power-sharing arrangement and may introduce some minor changes to apartheid legislation. Over time, however, Pretoria is unlikely to convince many countries that these changes presage meaningful reform. [REDACTED]

[REDACTED]

South Africa Chronology

1988 Highlights

This Chronology is a compilation of significant developments affecting South Africa and is drawn largely from media sources.

January

ANC-Foreign. Zimbabwean authorities arrest six whites following a car bomb explosion at an ANC transit house.

Economic. Pretoria offers tax benefits for US firms in South Africa to counter recent changes in US tax laws.

February

Economic. President Botha announces plans to privatize state-owned firms.

Homelands. Bophuthatswana; a bloodless coup is thwarted by South African intervention.

Political. The New Republic Party begins plans for disbanding on 26 March to align with independent Denis Worrall.

Pretoria effectively bans all opposition activities of 18 organizations, and places personal restrictions on 18 opposition leaders.

March

ANC. Paris, France; ANC representative Dulcie September is assassinated.

Foreign. Gaborone, Botswana; South African forces, claiming they are striking an ANC facility, attack a house and kill four residents.

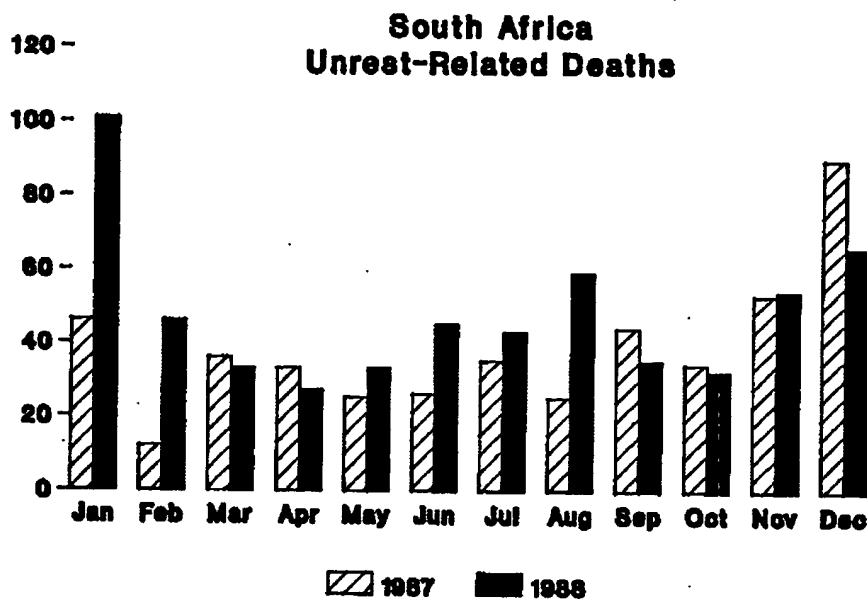
Judicial. The Sharpeville Six, condemned to hang, win a temporary stay of execution.

Media. The Catholic antiapartheid newspaper, *The New Nation*, is banned for three months.

Political. The police reserves fire seven men for refusing to renounce their membership in the rightwing Afrikaner Weerstandsbeweging.

Unrest. Krugersdorp; a powerful car bomb explosion kills three and injures 20 outside a magistrates court.

~~Secret~~



SOURCE: SOUTH AFRICA POLICE
UNREST REPORTS

April

Foreign. Mozambique proposes the resumption of the Joint Security Commission and economic cooperation established under the 1984 Nkomati Accord.

May

ANC. Pretoria area; police uncover the largest weapons cache to date, including an SA-7 surface-to-air missile.

Foreign. Delegations from the United States, South Africa, Angola, and Cuba begin a series of discussions aimed at resolving the fighting in Angola and agreeing on Namibian independence.

Judicial. Two white policemen are sentenced to death for the torture and murder of a black youth.

Labor. The final version of the proposed Labor Relations Amendment is released, limiting organized labor's power, and is approved later in the year.

~~Secret~~

Over 10,000 members of the Commercial, Catering, and Allied Workers Union of South Africa participate in a call for three days of lunch-hour protest against the proposed Labor Amendment Bill.

June

Foreign. Zambia blames South Africa for an explosion that destroys a home in Lusaka.

Gaborone, Botswana security forces foil a raid by a small group of South Africans, capturing two white attackers.

Political. The three houses of parliament (white, colored, and Indian) hold their first joint assembly, but will continue separate voting by house.

Parliament approves the Constitutional Development bill, providing for a national council to include blacks.

Unrest. President Botha announces the renewal of the state of emergency and a new requirement for registration of members of the press.

A call for a three-day peaceful protest by black unions draws black support as high as 80 percent in some urban areas.

July

Labor. Over 3,000 Soweto municipal workers begin a strike.

Unrest. Johannesburg; a car bomb explosion kills two whites and injures 35 people leaving a rugby match.

Explosions damage cinemas screening the movie "Cry Freedom" in Alexandra (Johannesburg township) and Cape Town. Pretoria bans the movie.

Benoni, Johannesburg; an explosion in a Wimpy's Bar restaurant at lunch time kills one white and injures 56 people.

August

ANC. Jailed ANC leader Nelson Mandela enters a Cape Town hospital for treatment of tuberculosis.

Foreign. South African troops begin their withdrawal from Angola, which is completed on 30 August.

South African, Cuban, and Angolan representatives sign an Angolan cease-fire agreement.

Labor. National Union of Metalworkers members begin a strike that eventually includes 28,000 workers.

~~Secret~~

Political. Pretoria bans all End Conscription Campaign activities.

Unrest. A group of 143 white conscientious objectors publicly declare that they will not serve in the South African Defense Force.

September

Foreign. Johannesburg; three prominent black South African political prisoners escape and take temporary refuge in the US Consulate.

Botswana; Gaborone claims to have foiled an attempt to rescue two imprisoned South African commandos.

Labor. Durban; over 10,000 harbor workers belonging to the South African Railway and Harbor Workers Union hold a 10-day strike.

Political. Four residential area bills, downgraded from national to "own affairs" bills when colored and Indian parliamentarians refuse to consider them, are approved by the white House of Assembly.

October

Foreign. President Botha travels to Zaire, West Germany, Switzerland, Portugal, and the Ivory Coast.

Political. Some 25 percent of registered black voters participate in nationwide municipal elections. In white municipal elections, the Conservative Party gains in industrial areas and rural areas of Transvaal while the National Party generally holds its own elsewhere.

Unrest. The UDF calls for a day of peaceful protest to mark the municipal elections.

November

Judicial. Four defendants in the Delmas trial are convicted of treason and later sentenced to jail terms ranging from six to 12 years. Seven defendants are convicted of terrorism.

President Botha overturns the death sentence for the Sharpeville Six and for four white policemen convicted of murdering blacks.

Media. Opposition paper, *The Weekly Mail*, is banned for a month.

Political. Pretoria bans all activities of a white extremist splinter group, the Blanke Bevryding Beweging (BBB). The BBB later is replaced by a new group, the Blanke Nasionale Bewiging.

Pretoria releases jailed Pan-Africanist Congress leader Zeph Mothopeng and ANC member Harry Gwala.

~~Secret~~

~~Secret~~

Unrest. Four antiapartheid organizations are banned.

Pretoria; a white extremist kills six blacks and injures 17 blacks during a shooting rampage.

December

Foreign. Brazzaville, Congo; the protocol outlining implementation of UN Resolution 435 beginning on 1 April 1989 and Cuban troop withdrawal from Angola within 27 months is signed. The resulting Brazzaville Accords are formally signed on 22 December in New York.

Political. Pretoria releases the jailed editor of *The New Nation*, Zwelakhe Sisulu, and places heavy restrictions on him.

Pretoria announces plans to redraw white electoral district boundaries within each province, which may indicate that parliamentary elections will be delayed until October or November 1989.

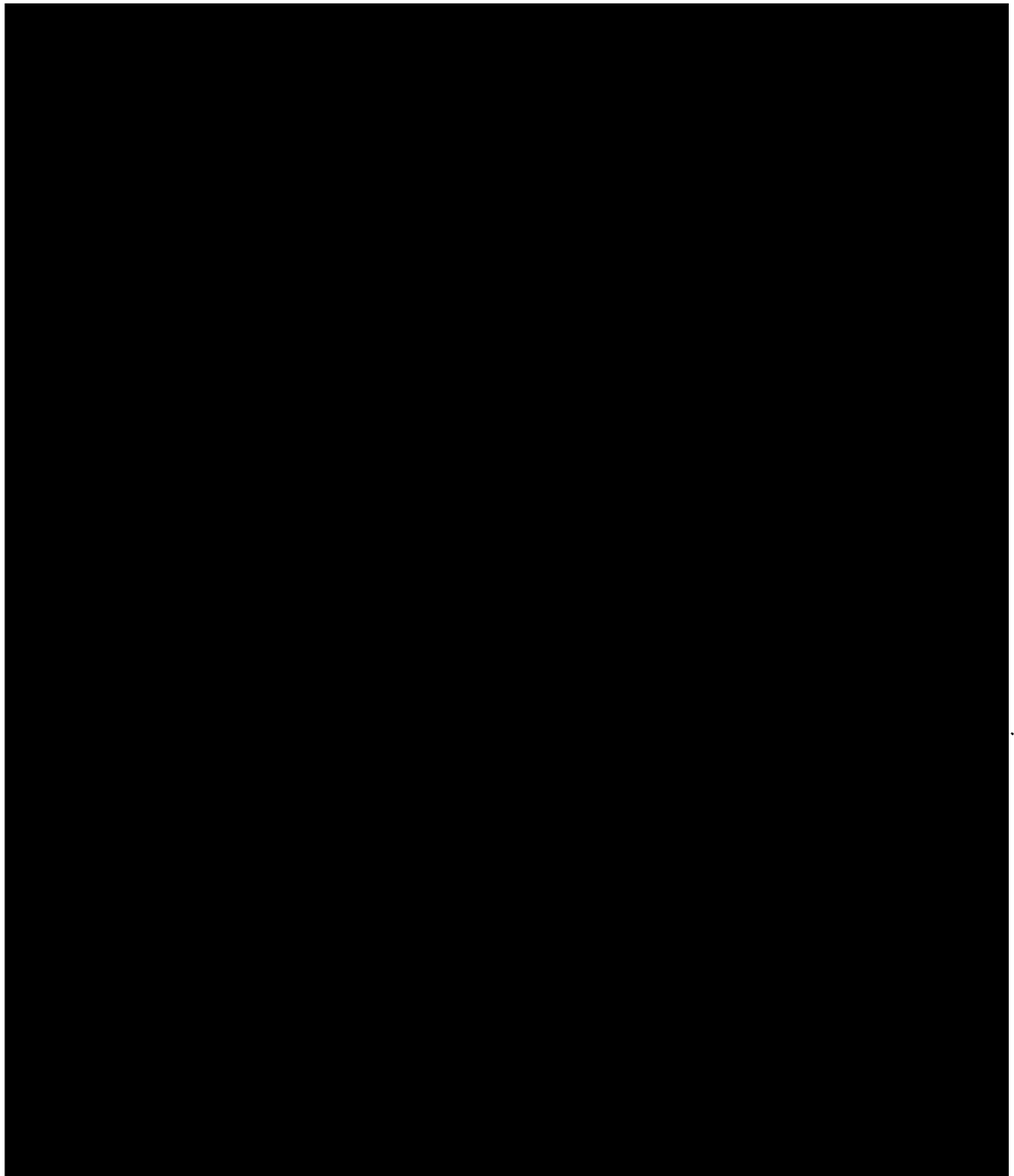
Unrest. Boksburg, blacks announce a boycott of white shops following the reintroduction of "white only" facilities in the town.

Pretoria bans six antiapartheid organizations.



~~Secret~~

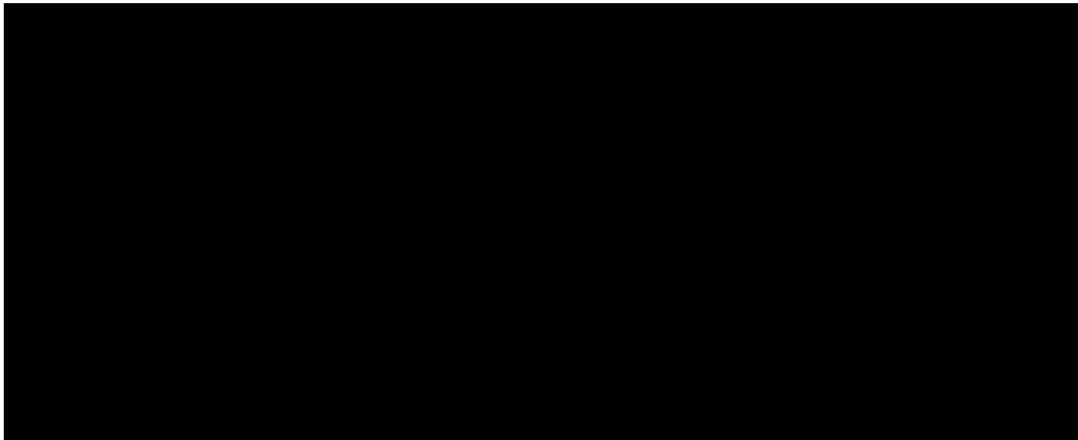
~~Secret~~



~~Secret~~

ALA AR 89-002
20 January 1989

~~Secret~~



~~Secret~~